SWIRE PACIFIC

2023
INTERIM REPORT

Stock Codes: 'A' Shares 00019 'B' Shares 00087

CONTENTS

SUSTAINABLE GROWTH

Swire Pacific is a Hong Kong-based international conglomerate with a diversified portfolio of market leading businesses. The Company has a long history in Greater China, where the name Swire or 太古 has been established for over 150 years.

Our aims are to deliver sustainable growth in shareholder value, achieved through sound returns on equity over the long term, and to return value to shareholders through sustainable growth in ordinary dividends. Our strategy is focused on Greater China and South East Asia, where we seek to grow our core Property, Beverages and Aviation divisions. New areas of growth, such as healthcare and sustainable foods, are being targeted.

OUR VALUES

Integrity, endeavour, excellence, humility, teamwork, continuity.

OUR CORE PRINCIPLES

- We focus on Asia, principally Greater China, because of its strong growth potential and because it is where the Group has long experience, deep knowledge and strong relationships.
- We mobilise capital, talent and ideas across the Group. Our scale and diversity increase our access to investment opportunities.
- We are prudent financial managers. This enables us to execute long-term investment plans irrespective of short-term financial market volatility.
- We recruit the best people and invest heavily in their training and development. The welfare of our people is critical to our operations.
- We build strong and lasting relationships, based on mutual benefit, with those with whom we do business.
- We invest in sustainable development, because it is the right thing to do and because it supports long-term growth through innovation and improved efficiency.
- We are committed to the highest standards of corporate governance and to the preservation and development of the Swire brand and reputation.

OUR INVESTMENT PRINCIPLES

- We aim to build a portfolio of businesses that collectively deliver a steady dividend stream over time.
- We are long-term investors. We prefer to have controlling interests in our businesses and to manage them for long-term growth. We do not rule out minority investments in appropriate circumstances.
- We concentrate on businesses where we can contribute expertise, and where our expertise can add value.
- We invest in businesses that provide high-quality products and services and that are leaders in their markets.
- We divest from businesses which have reached their full potential under our ownership, and recycle the capital released into existing or new businesses.

PERFORMANCE HIGHLIGHTS^

	Note	Six months ended 30th June 2023 HK$M	Six months ended 30th June 2022 HK$M (Restated)	Change %	Year ended 31st December 2022 HK$M
Profit attributable to the Company's shareholders					
As reported		**4,221**	1,914	+121%	4,195
Underlying profit	(a)	**5,594**	1,752	+219%	4,748
Recurring underlying profit	(a)	**4,879**	1,272	+284%	3,800
Revenue		**51,544**	44,808	+15%	91,693
Operating profit		**5,079**	6,794	-25%	12,241
Operating profit excluding change in fair value of investment properties		**6,409**	6,091	+5%	11,431
Change in fair value of investment properties		**(1,330)**	703	-289%	810
Cash generated from operations		**7,206**	6,147	+17%	12,043
Net cash outflow before financing		**(3,493)**	(2,243)	-56%	(9,386)
Total equity (including non-controlling interests)		**312,933**	321,421	-3%	315,936
Net debt	(b)	**66,915**	43,911	+52%	56,759
Gearing ratio (excluding lease liabilities)	(b)	**21.4%**	13.7%	+7.7%pt	18.0%

	Note	HK$	HK$	Change %	HK$
Earnings per share	(c)				
As reported					
'A' share		**2.91**	1.28	+127%	2.81
'B' share		**0.58**	0.26		0.56
Underlying					
'A' share		**3.86**	1.17	+230%	3.18
'B' share		**0.77**	0.23		0.64
Dividends per share					
'A' share		**1.20**	1.15	+4%	3.00
'B' share		**0.24**	0.23		0.60
Equity attributable to the Company's shareholders per share	(d)				
'A' share		**177.89**	175.80	+1%	177.75
'B' share		**35.58**	35.16		35.55

^ Figures included continuing operations and discontinued operations.

Notes:

(a) Reconciliations between the reported and underlying profit, and between underlying profit and recurring underlying profit are provided on pages 35 and 36.

(b) Net debt is the total of loans, bonds and overdrafts net of cash, bank deposits and bank balances. Gearing ratio is measured as net debt to total equity. Including lease liabilities as part of net debt would increase our gearing ratio to 23.0% (see page 41).

(c) Refer to note 11 in the financial statements for the daily weighted average number of shares in issue throughout the period.

(d) Refer to note 25 in the financial statements for the number of shares at the period end.

DEAR SHAREHOLDERS,

I am pleased to report that our core divisions have all rebounded in the first six months of this year. The main driver of these good results is the Aviation Division. Cathay Pacific continues to build on the positive momentum and improved financial performance reported since the second half of 2022, and has benefitted from a surge in travel demand since pandemic control measures were lifted. The Property Division has welcomed an increase in rental income from retail properties in the Chinese Mainland and Hong Kong, and the increased demand in international travel has, in turn, led to an improvement in the hotel business. In the Beverages Division, the business in the USA has continued to perform well and the results for the period include our latest acquisitions in Vietnam and Cambodia.

Towards the end of June, we announced the sale of 100% equity interest in Swire Coca-Cola, USA for a consideration of approximately HK$30.4 billion. If approved by the independent shareholders of the Company, this transaction will crystalise substantial value at an attractive valuation allowing an immediate and significant return to shareholders. It will also strengthen our balance sheet, allowing us to pursue our strategic objectives in Greater China and South East Asia.

I should like to thank our shareholders, our partners and the wider community for their continued support and engagement. My appreciation must also go to our employees for their creativity, hard work and dedication. Although the worst effects of the pandemic are behind us, we still face macroeconomic headwinds – both across the region and globally. However, thanks to the perseverance demonstrated by our teams over the past six months, I am confident we are on the right course to sustain our present momentum.

STRATEGIC DEVELOPMENTS

During the period under review, we have remained steadfast to our strategic, long-term plan of continuous investment in Hong Kong, the Chinese Mainland and South East Asia.

Swire Properties has now committed approximately 40% of its HK$100 billion investment plan to projects in our core markets in Hong Kong, the Chinese Mainland and South East Asia. In Hong Kong, we have continued with our placemaking strategy at Taikoo Place, and anticipate the launch of new features at this vibrant business hub in late 2023. At Pacific Place, construction of Six Pacific Place, our newest triple Grade-A office space, is targeted for completion by the end of this year. Adjacent is Five Pacific Place, which we have upgraded to create a shared interior and exterior visual identity with Six Pacific Place.

In the Chinese Mainland, our Taikoo Li and Taikoo Hui brands are synonymous with quality retail experiences. We will continue to expand into Tier 1 and emerging Tier 1 cities. We have exciting projects in the pipeline, including Taikoo Li in Xi'an and an upcoming retail landmark in Sanya. The Greater Bay Area is one of our key focuses and we have been exploring long-term investment opportunities there, including in Julong Wan in Guangzhou and Futian in Shenzhen.

At Swire Coca-Cola, we successfully completed our new acquisitions in Vietnam and Cambodia in January this year and November 2022, respectively. These new bottling businesses bring our franchise population to 877 million people. In the first half of 2023, our acquisition in Vietnam began to make meaningful contributions. We look forward to deploying our expertise and capabilities to drive further growth in these exciting new markets.

Cathay Pacific is now firmly on the path to recovery in both its passenger and cargo businesses. We have made solid progress with recruitment and training, as well as increasing our capacity and network connectivity. The cargo business was rebranded as Cathay Cargo to align its purpose, vision and values with the Cathay master brand.

BUSINESS PERFORMANCE

In the first six months of 2023, the consolidated profit attributable to shareholders was HK$4,221 million. This is compared with HK$1,914 million for the same period in 2022. The underlying profit attributable to shareholders, adjusted for changes in the value of investment properties, was HK$5,594 million in comparison to HK$1,752 million posted for the first half of last year. Disregarding changes in investment property value and significant non-recurring items in both years, the Group recorded a recurring underlying profit of HK$4,879 million for the period under review compared with HK$1,272 million for the corresponding period in 2022.

The substantial increase in recurring underlying profit is mainly due to the Cathay group's performance as its businesses continue to recover. Swire Coca-Cola recorded a strong growth in recurring profit, while Swire Properties also generated increased profits. Nevertheless, the HAECO group faced headwinds from a higher loss in the cabin solutions business, which impacted profits, despite the gradual recovery of the aviation industry.

PROPERTY DIVISION

Swire Properties demonstrated continued improvement in the first half of 2023 compared with the same period in 2022. The attributable recurring underlying profit for the division was HK$3,188 million, a 6% increase on 2022's first-half profit of HK$2,994 million. This partly reflects a robust recovery in the performance of retail and hotels in Hong Kong, thanks largely to the resumption of travel in January 2023. In Hong Kong, the office market remains soft.

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels at many of our malls following the lifting of COVID-19 related restrictions. Furthermore, in February 2023 we increased our interests in the Sino-Ocean Taikoo Li Chengdu mixed-use development to 100%, signalling our confidence in the sector.

BEVERAGES DIVISION

Overall, there was a marked increase in profits for ***Swire Coca-Cola*** in the first half of the year. During the period, the business reported a recurring profit of HK$1,627 million, which is a 41% increase from HK$1,152 million reported in the first half of 2022. This figure excluded an impairment loss of HK$239 million on a joint venture investment in a plastic recycling business. Total revenue for Swire Coca-Cola increased by 14% to HK$30,442 million, and sales volume increased by 18% to 1,055 million unit cases.

The business in the USA continued to perform well, driven by price increases and an improved product mix, despite a drop in sales volume. Attributable profits from our core markets in the Chinese Mainland were substantial, indicating a solid performance driven by an increase in volume during the period under review. Our recently acquired franchise bottling business in Vietnam recorded a strong performance and began to contribute full-period revenue during the first half of 2023. In Cambodia, however, we recorded an attributable loss as a result of challenging conditions.

AVIATION DIVISION

The ***Cathay*** group performed very well over the first six months of 2023, with an attributable profit on a 100% basis of HK$4,268 million, compared with 2022's first-half loss of HK$4,999 million. These results are a significant improvement over the corresponding period in 2022, and reflect strong demand after the removal of quarantine requirements.

Cathay Pacific's success is a significant constituent part of Swire Pacific's overall positive performance during the first half of this year. The airline's strong turnaround is indicative of Hong Kong's recovery as an international aviation hub following the reopening of the city. Throughout the first half of 2023, the airline has concentrated on rebuilding passenger flight capacity by adding more flights and destinations to meet the pick-up in demand.

During the first half of the year, our low-cost carrier, HK Express, posted its first-ever profit since being acquired, benefitting from the surge in demand for short-haul flights within Asia. However, some of the Cathay group's associate businesses did post losses for the period, which partially affected overall performance. This is due to these businesses reporting three months in arrears – a period which was still heavily affected by COVID-19 related measures.

The ***HAECO*** group recorded an attributable profit of HK$63 million for the period under review, compared with a profit of HK$166 million in the first half of 2022. Although the line maintenance business in Hong Kong has been recovering and the demand for engine overhaul in Xiamen remained strong, the HAECO group's results were impacted by a higher provision for stock obsolescence in the cabin solutions business and reduced unrealised foreign exchange gains at HAECO Xiamen.

OTHER BUSINESSES

Following on from the pandemic-related lockdowns, we continue to work on growing our healthcare services platform and explore investment opportunities in major city clusters in the Chinese Mainland and South East Asia.

The recurring profit from our trading & industrial businesses rose during the period under review. This is mainly due to the recovery of Swire Resources' business following an increase in tourist arrivals and better local sentiment.

DIVIDENDS AND SHARE BUY-BACK

We continue to focus on crystalising value and improving returns to our shareholders. The Directors are pleased to declare first interim dividends of HK$1.20 per 'A' share and HK$0.24 per 'B' share, which is an increase of 4% compared with the first interim dividends in 2022.

We improved our shareholder returns with our share buy-back scheme of up to HK$4 billion, which was announced in 2022 and completed earlier this year. During the period under review, the Company repurchased 8,998,500 'A' shares and 15,107,500 'B' shares for an aggregate cash consideration of HK$0.7 billion at average prices of HK$59.1 per 'A' share and HK$9.7 per 'B' share. The Board will continue to evaluate all options, including future share buy-back schemes, taking into consideration the most efficient use of capital for long-term shareholder returns.

The sale of 100% equity interest in Swire Coca-Cola, USA, if approved by the independent shareholders of the Company, will also result in a substantial and immediate return of cash to shareholders via a special dividend, at HK$8.120 per 'A' share and HK$1.624 per 'B' share.

FINANCIAL STRENGTH

Our financial position remains solid. As of 30th June 2023, our gearing ratio was 21.4% and our available liquidity was HK$35.9 billion. We also anticipate that profits from the sale of our bottling businesses in the USA, if approved, will lead to a further strengthening of our balance sheet with a reduction in gearing from 21.4% at the end of June 2023 to 14.9%. This leaves us with a solid balance sheet, which acts as a buffer against macro-uncertainties and enables us to pursue our long-term investment strategy.

SUSTAINABLE DEVELOPMENT

We believe that if we are to sustain our business over the long term, we must contribute to protecting the environment and supporting the communities in which we operate. Through our sustainability strategy, ***SwireTHRIVE***, we have specific aims to reduce our environmental footprint, foster an accessible, inclusive corporate culture and deliver impactful community initiatives.

We are developing roadmaps to achieve our environmental ambitions, deepening our understanding of climate risk and opportunity, and factoring the cost of carbon into business decisions.

LOOKING AHEAD

We continue to demonstrate our resilience in this post-pandemic era as we navigate an uncertain operating environment brought about by high inflation and geopolitical challenges. And while the economic outlook for the remainder of 2023 may be uncertain, we are confident that we will maintain our long-term investment strategy. We anticipate that the rebound seen in the first six months of the year will continue into the second half, driven mostly by the recovery of the Cathay group.

Swire Properties' flagship brands in the Chinese Mainland and Hong Kong continue to be highly sought-after, and developments are ongoing. We expect to see continued recovery across our core markets.

Swire Coca-Cola is expected to continue performing steadily in the Chinese Mainland despite the potential economic slowdown in the second half of 2023. We anticipate the newly acquired franchise bottling business in Vietnam will be stable and make meaningful full-year contributions, while the business in Cambodia is expected to improve in the second half of 2023.

Cathay Pacific continues to recover. The airline will provide seamless access to the Greater Bay Area, which is its extended home market, and play a crucial role in connecting the region to the rest of the world. We are confident of achieving the target of 70% of its pre-pandemic passenger flight capacity levels covering 80 destinations by the end of the year, and 100% by the end of 2024. For HAECO, demand for base maintenance work in the second half of 2023 is expected to be stable, while line maintenance work – as well as engine overhaul services – will go up.

By drawing on what we have achieved across all our businesses in the first half of 2023, we look forward to increasing our pace of recovery for the rest of the year.

Guy Bradley
Chairman
Hong Kong, 10th August 2023

PROPERTY DIVISION

Swire Properties' business comprises three main areas:

Property Investment

Swire Properties' property investment portfolio in Hong Kong comprises office and retail premises, serviced apartments and other luxury and high-quality residential accommodation in prime locations. Including hotels, the completed portfolio in Hong Kong totals 13.1 million square feet of gross floor area, with an additional 0.2 million square feet under development. In the Chinese Mainland, Swire Properties has major mixed-use commercial developments in Beijing, Guangzhou, Chengdu, Shanghai, Xi'an and Sanya, in joint venture in some cases, which will total 15.6 million square feet on completion. Of this, 10.7 million square feet has already been completed. Swire Properties' property investment portfolio in Miami, USA totals 0.8 million square feet. It comprises the Brickell City Centre development, with an adjoining 1.5 million square feet development under planning.

Hotel Investment

Swire Properties wholly-owns and manages, through Swire Hotels, two hotels in Hong Kong, The Upper House at Pacific Place and EAST Hong Kong at Taikoo Shing. Swire Properties has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and a 26.67% interest in the Novotel Citygate and the Silveri Hong Kong – MGallery in Tung Chung. In the Chinese Mainland, Swire Hotels manages four hotels. The Opposite House at Taikoo Li Sanlitun in Beijing and The Temple House at Sino-Ocean Taikoo Li Chengdu are wholly-owned by Swire Properties. 50% interests are owned in EAST Beijing at INDIGO and in The Middle House at HKRI Taikoo Hui in Shanghai. Swire Properties owns 97% and 50% interests in the Mandarin Oriental at Taikoo Hui in Guangzhou and The Sukhothai Shanghai at HKRI Taikoo Hui, respectively. In the USA, Swire Properties manages, through Swire Hotels, EAST Miami and owns a 75% interest in the Mandarin Oriental in Miami.

Property Trading

Swire Properties' trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are six residential projects under development, three in Hong Kong, one in Indonesia, one in Vietnam and one in Thailand. There is a plan to develop a residential project on some available land banks in Miami, USA.

Swire Properties is listed on The Stock Exchange of Hong Kong Limited.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022** HK$M (Restated)	2022 HK$M
Revenue			
Gross rental income derived from			
Office	**2,960**	3,046	6,003
Retail	**3,510**	2,986	5,849
Residential	**207**	183	374
Other revenue*	**55**	50	114
Property investment	**6,732**	6,265	12,340
Property trading	**89**	383	921
Hotels	**476**	262	565
Total revenue	**7,297**	6,910	13,826
Operating profit/(loss) derived from			
Property investment			
From operations	**4,250**	4,077	7,695
Sale of interests in investment properties	**–**	31	571
Valuation (losses)/gains on investment properties	**(1,330)**	703	810
Property trading	**(12)**	218	209
Hotels	**(37)**	(137)	(259)
Total operating profit	**2,871**	4,892	9,026
Share of post-tax profit from joint venture and associated companies	**524**	480	1,455
Attributable profit	**2,222**	4,347	7,983
Swire Pacific share of attributable profit	**1,822**	3,563	6,546

* Other revenue is mainly estate management fees.

** Following a change in accounting policy resulting from the agenda decision approved by the IFRS Interpretation Committee on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)", the comparative figures for the six months ended 30th June 2022 have been restated. Refer to note 2(d) to the financial statements for further details.

Reconciliation of Attributable to Underlying Profit

Additional information is provided below to reconcile reported and underlying profit attributable to shareholders. These reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

		Six months ended 30th June		Year ended 31st December
	Note	**2023 HK$M**	2022 HK$M (Restated)	2022 HK$M
Attributable profit		**2,222**	4,347	7,983
Adjustments in respect of investment properties:				
Valuation losses/(gains) in respect of investment properties	(a)	**1,646**	(757)	(1,735)
Deferred tax on investment properties	(b)	**347**	213	1,402
Valuation gains realised on sale of interests in investment properties	(c)	**29**	299	915
Depreciation of investment properties occupied by the Group	(d)	**14**	14	28
Amortisation of right-of-use assets reported under investment properties	(e)	**(41)**	(42)	(80)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(f)	**(306)**	–	–
Non-controlling interests' share of valuation movements less deferred tax		**(14)**	75	144
Underlying attributable profit		**3,897**	4,149	8,657
Profit from divestment		**(9)**	(497)	(1,530)
Recurring underlying attributable profit		**3,888**	3,652	7,127
Swire Pacific share of underlying attributable profit		**3,195**	3,401	7,099
Swire Pacific share of recurring underlying attributable profit		**3,188**	2,994	5,844

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

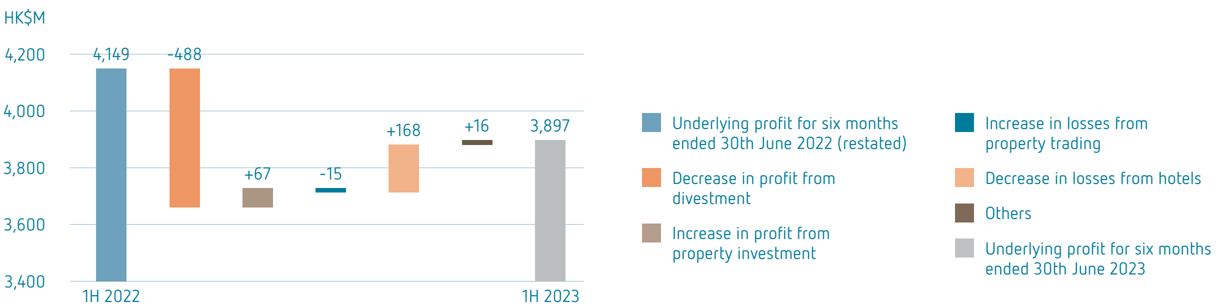
(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

(f) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

Property Division – Movement in Underlying Profit on a 100% basis



RESULTS SUMMARY

Attributable profit from the Property Division for the first half of 2023 was HK$1,822 million, compared to HK$3,563 million in the first half of 2022. These figures include net property valuation losses, before deferred tax and non-controlling interests, of HK$1,646 million in the first half of 2023 and net property valuation gains of HK$757 million in the first half of 2022 (primarily arising from fair value gains in relation to certain properties held under development). Attributable underlying profit, which principally adjusts for changes in the valuation of investment properties, decreased to HK$3,195 million in the first half of 2023 from HK$3,401 million in the first half of 2022. The decrease principally reflected the reduction in profit from the sale of car parking spaces in Hong Kong.

Attributable recurring underlying profit in the first half of 2023, which excludes the profit from divestments aggregating HK$7 million (HK$407 million in the first half of 2022), was HK$3,188 million, compared with HK$2,994 million in the first half of 2022.

Recurring underlying profit from property investment increased in the first half of 2023. This mainly reflected higher retail rental income from Hong Kong and the Chinese Mainland, partly offset by lower office rental income from Hong Kong. In Hong Kong, the retail portfolio has significantly recovered, following the lifting of all travel restrictions and COVID-19 related measures, together with the investment in marketing and loyalty initiatives. Despite a weak office market (reflecting subdued demand and increased supply), the office portfolio in Hong Kong was resilient, with solid occupancy. In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for many of our malls, after the COVID-19 associated restrictions were lifted.

The small underlying loss from property trading in the first half of 2023 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

The hotel businesses in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 measures and the reopening of the border. The hotels in the USA performed well.

HK$100 BILLION INVESTMENT PLAN

In March 2022, Swire Properties announced a plan to invest HK$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland and in residential trading projects (including in South East Asia). The target allocation is HK$30 billion to Hong Kong, HK$50 billion to the Chinese Mainland and HK$20 billion to residential trading projects (including in South East Asia). At 4th August 2023 approximately HK$39 billion of the planned investments had been committed (HK$17 billion to the Chinese Mainland, HK$11 billion to Hong Kong and HK$11 billion to residential trading projects). Major committed projects include a retail-led mixed-use development in Xi'an, residential developments at Chai Wan Inland Lot No. 178 and at 269 Queen's Road East in Hong Kong, a retail-led development in Sanya, office and other commercial use developments at 8 Shipyard Lane and at 1067 King's Road in Hong Kong, and a residential development in Bangkok. Uncommitted projects include further retail-led mixed-use projects in Tier 1 and emerging Tier 1 cities in the Chinese Mainland, including Guangzhou, Shanghai and Beijing with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

Principal Investment Property and Hotel Portfolio – Gross Floor Area ('000 square feet)

Location	At 30th June 2023						At 31st December 2022
	Office	Retail	Hotels	Residential	Under Planning	Total	Total
Completed							
Pacific Place	2,186	711	496	443	–	3,836	3,836
Taikoo Place	6,566	12	–	63	–	6,641	6,641
Cityplaza	–	1,097	200	–	–	1,297	1,297
Others	461	725	98	50	–	1,334	1,334
– Hong Kong	9,213	2,545	794	556	–	13,108	13,108
Taikoo Li Sanlitun	–	1,620	169	–	–	1,789	1,789
Sino-Ocean Taikoo Li Chengdu	–	1,355	193	107	–	1,655	1,076
Taikoo Hui	1,693	1,529	509	51	–	3,782	3,782
INDIGO	294	473	179	–	–	946	947
HKRI Taikoo Hui	950	554	288	74	–	1,866	1,768
Taikoo Li Qiantan	–	594	–	–	–	594	594
Others	–	91	–	–	–	91	91
– Chinese Mainland	2,937	6,216	1,338	232	–	10,723	10,047
– USA	–	497	259	–	–	756	756
Total completed	**12,150**	**9,258**	**2,391**	**788**	**–**	**24,587**	23,911
Under and pending development							
– Hong Kong^	223	–	–	15	–	238	238
– Chinese Mainland^^	–	1,117	–	–	3,780	4,897	4,852
– USA	–	–	–	–	1,510	1,510	1,510
Total	**12,373**	**10,375**	**2,391**	**803**	**5,290**	**31,232**	30,511

Gross floor area represents 100% of space owned by Group companies and the division's attributable share of space owned by joint venture and associated companies.

^ The office portfolio principally comprises Six Pacific Place.

^^ The properties principally comprise INDIGO Phase Two, Taikoo Li Xi'an and a retail-led project in Sanya.

KEY DEVELOPMENTS

In December 2022, Swire Properties entered into three conditional agreements with the Sino-Ocean group to acquire further interests in Sino-Ocean Taikoo Li Chengdu. Under the first agreement (which was completed in December 2022), Swire Properties' interest in Sino-Ocean Taikoo Li Chengdu increased from 50% to 65%. Under the second agreement (which was completed in February 2023), Swire Properties' interest in the property management of Sino-Ocean Taikoo Li Chengdu increased to 100%. Under the third agreement (which was completed in February 2023), Swire Properties' interest in the investment properties of Sino-Ocean Taikoo Li Chengdu increased to 100%.
The consideration was RMB1,000 million under the first agreement, RMB59 million under the second agreement and RMB4,491 million under the third agreement.

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumphini sub-district in Pathum Wan district, Bangkok for a consideration of approximately THB2.4 billion. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

In June 2023, Swire Properties announced plans to develop a luxury residential project on Brickell Key in Miami, which will include the redevelopment of the existing Mandarin Oriental Miami hotel. The project, called One Island Drive, will consist of two towers. The first tower will comprise luxury private residences managed by Mandarin Oriental. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales are expected to launch in early 2024.

In July 2023, Swire Properties obtained full ownership of Wah Ha Factory Building in Quarry Bay, Hong Kong. Together with the adjacent wholly-owned Zung Fu Industrial Building, the two sites are intended to be redeveloped for office and other commercial uses.

In July 2023, a joint venture company in which Swire Properties holds a 25% interest started the pre-sales of LA MONTAGNE, a residential development in Wong Chuk Hang, Hong Kong. Superstructure works of the development are in progress.

INVESTMENT PROPERTIES

Hong Kong

Office

Gross rental income from the Hong Kong office portfolio in the first half of 2023 was HK$2,778 million, a decrease of 2% from the same period in 2022. Demand remains subdued reflecting continued economic uncertainty. The office market was weak given increased availability (due to vacancy and new supply). However, our office portfolio was resilient. Leasing activity has picked up since the reopening of the border, with increased inspections. We believe that tenants value our amenity provision as well as our commitment to sustainability and to the wellbeing of occupants. At 30th June 2023, the office portfolio was 90% let. Excluding Two Taikoo Place (which was completed in September 2022), the office portfolio was 94% let.

Retail

Following the lifting of all travel restrictions and COVID-19 related measures, and with the investment in marketing and loyalty initiatives, the Hong Kong retail portfolio has recovered significantly in the past few months. Sales have returned to pre-pandemic levels in some of our malls. There are still factors such as a strong US currency, a rebound in outbound travel and a high interest rate environment which might affect local consumptions. However, we remain confident that the sales momentum will continue and expect further improvement in Hong Kong retail businesses in the second half of 2023. During the first half, retail sales increased by 60%, 12% and 62%, respectively at The Mall at Pacific Place, Cityplaza and Citygate Outlets.

Gross rental income from the retail portfolio in Hong Kong was HK$1,230 million in the first half of 2023, an increase of 17% compared to the same period in 2022. The increase reflected the recovery after the lifting of all COVID-19 related measures and significant reduction in the rental concessions given to tenants. The malls were almost fully let throughout the period.

Residential

The residential portfolio was approximately 77% let at 30th June 2023.

Investment Properties under Development

Planning permission to develop the site at Six Pacific Place in Wan Chai for office use was obtained in 2018. The site area is approximately 14,400 square feet. The development has an aggregate gross floor area of approximately 223,000 square feet. Superstructure has been topped out. Interior fit out works are in progress. Completion of development is expected by the end of 2023.

Others

In 2018, Swire Properties submitted compulsory sale applications in respect of two sites (Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road) in Quarry Bay. In March 2022, Swire Properties acquired the remaining interests in Zung Fu Industrial

Building and obtained full ownership of the site. In July 2023, Swire Properties acquired the remaining interests in Wah Ha Factory Building and obtained full ownership of the site. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate gross floor area of approximately 779,000 square feet.

In 2018, a joint venture company in which Swire Properties holds a 50% interest submitted a compulsory sale application in respect of a site at 983-987A King's Road and 16-94 Pan Hoi Street in Quarry Bay. In August 2023, the Lands Tribunal granted the compulsory sale order for the site. Subject to the joint venture company having successfully bid in the compulsory sale and in accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a gross floor area of approximately 440,000 square feet.

In June 2022, Swire Properties submitted a compulsory sale application in respect of a site at 9-39 Hoi Wan Street and 33-41 Tong Chong Street in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to Swire Properties having successfully bid in the compulsory sale.

Since November 2020, Swire Properties has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 2,114 of these car parking spaces had been sold at 4th August 2023. Sales of 1,460 car parking spaces had been recognised at 30th June 2023, 8 of them in the first half of 2023. Sales of 654 car parking spaces are expected to be recognised in the second half of 2023.

Outlook

The office market in Hong Kong is expected to remain weak in the second half of 2023, on the back of increased availability. Increasing competition from Central and Kowloon East will continue to exert downward pressure on rents across the portfolio. The 'flight-to-quality' trend is expected to benefit Swire Properties, as prospective tenants upgrade their premises and place a higher value on sustainability as well as the health and wellness of their workforce. Assuming improvements in the financial markets and an increase in economic activity, the demand for Grade-A office space, particularly from financial institutions and professional services companies, should recover.

It is expected that footfall and tenants' sales in Hong Kong will continue to improve despite uncertainty over economic environment and volatile stock market. With our strong marketing campaigns and loyalty programme initiatives, we expect that the sales momentum will carry on.

Chinese Mainland

Retail

In the Chinese Mainland, foot traffic improved significantly and retail sales strongly exceeded pre-pandemic levels for many of our malls, following the lifting of COVID-19 related restrictions. Swire Properties' retail sales (excluding sales by vehicle retailers) on an attributable basis in the Chinese Mainland in the first half of 2023 increased by 41%. Retail sales at Taikoo Li Sanlitun in Beijing, Sino-Ocean Taikoo Li Chengdu (to be renamed as Taikoo Li Chengdu with effect from 23rd August 2023), Taikoo Hui in Guangzhou, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai increased by 29%, 27%, 16%, 34%, 72% and 169% respectively in the first half of 2023. National retail sales increased by 8% in the first half of 2023 compared to the same period in 2022.

Swire Properties' gross rental income from retail properties in the Chinese Mainland increased by 30%, to HK$2,042 million, in the first half of 2023. Disregarding rental concessions and changes in the value of the Renminbi, gross rental income increased by 37%.

Retail sales at Taikoo Li Sanlitun in Beijing increased by 29% following the lifting of COVID-19 related restrictions and the reopening of the Workers' Stadium. Foot traffic recovered to 2021 levels. To enhance the leading luxury positioning in the Beijing market, structural works to facilitate the tenant mix improvement at Taikoo Li Sanlitun North are in progress. As a result, gross rental income decreased by 5% in the first half of 2023. Disregarding changes in the value of the Renminbi, gross rental income increased by 1%. The development was 97% let at 30th June 2023.

Disregarding the impact arising from the incremental shareholding at Sino-Ocean Taikoo Li Chengdu, retail sales and gross rental income increased by 27% and 5%, respectively, in the first half of 2023. The development was 96% let at 30th June 2023.

Retail sales and gross rental income at Taikoo Hui in Guangzhou increased by 16% and 4% respectively in the first half of 2023 as compared with the first half of 2022, reflecting the recovery from the COVID-19 outbreak. There were improvements to the tenant mix. The mall was 100% let at 30th June 2023.

Retail sales at INDIGO in Beijing increased by 34% in the first half of 2023. The mall was 100% let at 30th June 2023.

Retail sales at HKRI Taikoo Hui in Shanghai increased by 72% in the first half of 2023 benefitting from improvements to the tenant mix and increased footfall. Gross rental income decreased by 11% as a result of certain part of the mall undergoing renovation. The mall was 96% let at 30th June 2023.

Retail sales and footfall grew steadily at Taikoo Li Qiantan in Shanghai in the first half of 2023. At 30th June 2023, tenants had committed to take 95% of the retail space and 87% of the lettable retail space was open.

Office

Swire Properties' gross rental income from office properties in the Chinese Mainland decreased by 6% to HK$179 million in the first half of 2023. Disregarding changes in the value of the Renminbi, gross rental income increased by 1%. In the first half of 2023, office demand in Shanghai recovered and rent in core areas remained stable. In Beijing, demand for office space was weak and supply was limited in core areas. In Guangzhou, demand for office space was weak with new supply in decentralised areas exerting downward pressure on rents.

The office towers of Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers of HKRI Taikoo Hui in Shanghai were 90%, 92% and 98% let, respectively, at 30th June 2023.

Investment Properties under Development

INDIGO Phase Two is an extension of the existing INDIGO development, with a gross floor area of approximately four million square feet. Jointly developed with the Sino-Ocean group, INDIGO Phase Two will be an office-led mixed-use development and is planned to be completed in two phases, in 2025 and 2026. Basement and superstructure works are in progress. Swire Properties has a 35% interest in INDIGO Phase Two.

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated gross floor area is approximately 2.4 million square feet (above ground), subject to further planning. The project is expected to be completed in phases from late 2025. The development is being done in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. Swire Properties has a 70% interest in Taikoo Li Xi'an.

Jointly developed with China Tourism Group Duty Free Corporation Limited, the land in Haitang district of Sanya with gross floor area of approximately 2.2 million square feet is expected to be developed into a premium, resort-style, retail-led development including underground parking and other ancillary facilities. The development will be Phase III of the Sanya International Duty-Free Complex. Excavation works are in progress. The project is expected to open in phases from 2025. Swire Properties has a 50% interest in this development.

Others

In 2021, Swire Properties formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which Swire Properties has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a gross floor area (including car parking spaces) of 591,189 square feet above ground and 738,066 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation at the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in 2026. Swire Properties does not have an ownership interest in the compound.

Outlook

The overall demand for retail space is expected to be stable and to recover steadily in the second half of 2023. In Guangzhou and Chengdu, demand for retail space from retailers of luxury brands is expected to be strong. In Shanghai, demand for retail space from retailers of luxury fashion, cosmetics and lifestyle brands, and from operators of food and beverage outlets, is expected to be stable. In Beijing, retail sales and demand for retail space are expected to recover steadily.

Office demand and market sentiment in Beijing, Shanghai and Guangzhou are expected to recover in the second half of 2023. However, economic outlook remains uncertain. The continued new supply of office space in Shanghai and Guangzhou, particularly in emerging decentralised submarkets, will exert downward pressure on rents.

USA

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

Swire Properties owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, which has been exercisable since February 2020, to sell its interest to Swire Properties.

The shopping centre was 90% leased (including by way of letters of intent) at 30th June 2023. Retail sales in the first half of 2023 increased by 7% compared to the same period in 2022.

The second phase of the Brickell City Centre development, to be known as One Brickell City Centre, is being planned. It will be a commercial development and will be connected to the first phase of Brickell City Centre.

Outlook

In Miami, retail sales are expected to increase due to an improved tenant mix.

Valuation of Investment Properties

The portfolio of investment properties was valued at 30th June 2023 on the basis of market value (96% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK$283,760 million, compared to HK$270,591 million at 31st December 2022.

The increase in the valuation of the investment property portfolio primarily reflected the acquisition of subsidiary companies in the Chinese Mainland, partly offset by a decrease in the valuation of the office investment properties in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland.

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

HOTELS

Businesses in the managed and non-managed hotels in Hong Kong and the Chinese Mainland recovered strongly following the lifting of COVID-19 related measures and the reopening of the border. The hotels in the USA performed well. The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK$59 million in the first half of 2023, compared with an operating loss before depreciation of HK$74 million in the first half of 2022.

Outlook

The outlook for the hotel businesses in Hong Kong is positive and the businesses are expected to further recover with more international visitors. Hotel businesses in the Chinese Mainland are expected to grow throughout the year. The USA hotels are expected to continue to perform well.

Swire Properties is expanding its hotel management business, with a focus on extending its hotel brands outside Hong Kong through hotel management agreements.

Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure	Forecast expenditure				Total commitments*	Commitments relating to joint venture companies^
	Six months ended 30th June 2023 HK$M	Six months ending 31st December 2023 HK$M	2024 HK$M	2025 HK$M	2026 and later HK$M	At 30th June 2023 HK$M	At 30th June 2023 HK$M
Hong Kong	**1,298**	1,733	971	1,387	5,522	**9,613**	**50**
Chinese Mainland	**353**	1,592	4,215	3,765	5,663	**15,235**	**6,798**
USA	**16**	24	3	–	–	**27**	**–**
Total	**1,667**	3,349	5,189	5,152	11,185	**24,875**	**6,848**

* The capital commitments represent the Group's capital commitments of HK$18,027 million plus the Group's share of the capital commitments of joint venture companies of HK$6,848 million.

^ The Group was committed to funding HK$982 million of the capital commitments of joint venture companies in the Chinese Mainland.

PROPERTY TRADING

Hong Kong

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 33 out of 37 units had been sold at 4th August 2023. Sales of 30 units had been recognised at 30th June 2023, 3 of them in the first half of 2023. Sales of 3 units are expected to be recognised in the second half of 2023. 30 units had been handed over to the purchasers at 30th June 2023.

A joint venture formed by Swire Properties, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development known as LA MONTAGNE in Wong Chuk Hang. The development will comprise two residential towers (Phases 4A and 4B) with an aggregate gross floor area of approximately 638,000 square feet and about 800 residential units. Superstructure works are in progress. Pre-sales of Phase 4A started in July 2023. 48 out of 432 units had been pre-sold at 4th August 2023. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. Swire Properties has a 25% interest in the joint venture.

In 2021, a project company held as to 80% by Swire Properties and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is being redeveloped into a residential complex (with retail outlet) with an aggregate gross floor area of approximately 694,000 square feet. Superstructure works are in progress at the Phase 1 site, while foundation works are underway at the Phase 2 site. The development is expected to be completed in 2025.

In June 2022, Swire Properties acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential use with an aggregate gross floor area of approximately 116,000 square feet. Demolition works have commenced since May 2023 and are in progress. The development is under design stage and expected to be completed in 2025.

Indonesia

In 2019, a joint venture between Swire Properties and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed for residential purposes with an aggregate gross floor area of approximately 1,123,000 square feet. Superstructure works are in progress. The development is expected to comprise around 400 residential units to be completed in 2024. Swire Properties has a 50% interest in the joint venture. Pre-sales are in progress. 62 units had been pre-sold at 4th August 2023.

Vietnam

In 2020, Swire Properties agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development, which was completed in August 2022, comprises 525 luxury apartments in three towers. Swire Properties has an effective 20% interest in the development. Approximately 94% of the units had been sold at 4th August 2023. Handover of the completed units to purchasers is in progress.

In 2021, Swire Properties made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2028. Swire Properties invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 53% of the residential units had been pre-sold or sold at 4th August 2023.

Thailand

In February 2023, Swire Properties acquired a 40% interest in a site located on Wireless Road in Lumphini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

USA

In June 2023, Swire Properties announced plans to develop a luxury residential project on Brickell Key in Miami. The project, called One Island Drive, will consist of two towers. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. Sales are expected to launch in early 2024.

Outlook

The reopening of the border with the Chinese Mainland and various HKSAR Government policies, including a revamped investment immigration scheme and tax incentives, have been beneficial to the market. However, we expect buyers to remain cautious in the short term, in light of an increase in interest rates and economic uncertainties. Market sentiment is however expected to remain resilient in the medium to long term, due to solid demand and a gradual economic recovery.

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable. Despite the recent increase in interest rates in the USA, the outlook for the luxury residential market in Miami remains positive. Florida is an attractive destination for homebuyers due to its favourable climate and tax regime.

Tim Blackburn

BEVERAGES DIVISION

Swire Coca-Cola has the exclusive right to manufacture, market and distribute products of The Coca-Cola Company (TCCC) in 11 provinces and the Shanghai Municipality in the Chinese Mainland and in Hong Kong, Taiwan, Vietnam, Cambodia and an extensive area of the western USA. The acquisition of the franchise business in Vietnam was completed on 1st January 2023.

Swire Coca-Cola has twelve wholly-owned franchise businesses (in Hong Kong, Taiwan, Vietnam, Cambodia and the USA, and in Fujian, Anhui, Guangxi, Jiangxi, Jiangsu and Hainan provinces and the cities of Zhanjiang and Maoming in Guangdong province in the Chinese Mainland) and five majority-owned franchise businesses (in Zhejiang, Guangdong (excluding the cities of Zhanjiang, Maoming and Zhuhai), Henan, Yunnan and Hubei provinces in the Chinese Mainland). It has a joint venture interest in a franchise in the Shanghai Municipality in the Chinese Mainland (Shanghai Shen-Mei). On 1st January 2023, it acquired 100% equity interests in six subsidiaries of Coca-Cola Bottlers Manufacturing Holdings Limited (CCBMH). These subsidiaries are continuing to supply still beverages to the franchise areas in the Chinese Mainland referred above.

At 30th June 2023, Swire Coca-Cola manufactured 57 beverage brands and distributed them to a franchise population of 877 million people.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Revenue	**30,446**	26,331	54,225
EBITDA	**3,429**	2,773	5,545
Operating profit	**2,014**	1,603	3,274
Share of post-tax profits from joint venture and associated companies	**75**	76	92
Attributable profit (including non-recurring items)	**1,423**	1,152	2,392
Non-recurring items			
Write-off of a joint venture company	**(239)**	–	–
Fair value adjustments on acquisition of equity interests	**35**	–	–
Recurring profit	**1,627**	1,152	2,392

Segment Financial Highlights

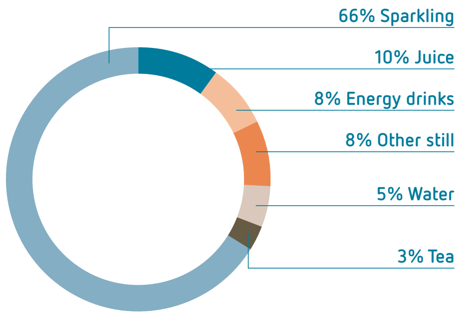
	Revenue			EBITDA			Attributable Profit		
	Six months ended 30th June		Year ended 31st December	Six months ended 30th June		Year ended 31st December	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M	2022 HK$M	**2023 HK$M**	2022 HK$M	2022 HK$M
Chinese Mainland									
Operating activities	**13,202**	13,029	26,142	**1,549**	1,514	2,560	**616**	586	902
Non-recurring item	**–**	–	–	**35**	–	–	**35**	–	–
	13,202	13,029	26,142	**1,584**	1,514	2,560	**651**	586	902
Hong Kong	**1,155**	1,045	2,332	**147**	147	371	**56**	62	191
Taiwan	**1,086**	994	2,123	**103**	104	248	**47**	53	138
South East Asia									
Vietnam	**1,856**	–	–	**263**	–	–	**92**	–	–
Cambodia	**461**	–	75	**35**	–	9	**(22)**	–	(6)
	2,317	–	75	**298**	–	9	**70**	–	(6)
USA	**12,686**	11,263	23,553	**1,612**	1,114	2,585	**913**	554	1,392
Central and other costs									
Operating activities	**–**	–	–	**(76)**	(106)	(228)	**(75)**	(103)	(225)
Non-recurring item	**–**	–	–	**(239)**	–	–	**(239)**	–	–
	–	–	–	**(315)**	(106)	(228)	**(314)**	(103)	(225)
Swire Coca-Cola	**30,446**	26,331	54,225	**3,429**	2,773	5,545	**1,423**	1,152	2,392

Revenue by Territory

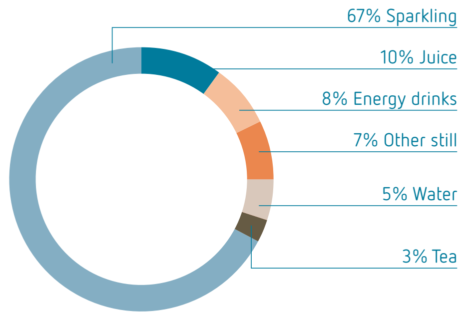
Revenue shown in the table below includes that of Shanghai Shen-Mei and excludes sales to other bottlers.

	Chinese Mainland HK$M	Hong Kong HK$M	Taiwan HK$M	Vietnam HK$M	Cambodia HK$M	South East Asia HK$M	USA HK$M	Total HK$M
Six months ended 30th June 2023	**13,936**	**1,127**	**1,086**	**1,856**	**461**	**2,317**	**11,976**	**30,442**
Six months ended 30th June 2022	14,021	1,010	994	–	–	–	10,567	26,592

Breakdown of Total Revenue by Category (%)



Six months ended 30th June 2023



Six months ended 30th June 2022

Segment Performance

	Note	Chinese Mainland	Hong Kong	Taiwan	Vietnam	Cambodia	South East Asia	USA	Swire Coca-Cola
EBITDA Margin	1								
Six months ended 30th June 2023		**10.6%**	**13.1%**	**10.4%**	**15.9%**	**9.4%**	**14.6%**	**13.9%**	**12.3%**
Six months ended 30th June 2022		11.1%	14.6%	11.4%	–	–	–	10.8%	11.1%
EBIT Margin	1								
Six months ended 30th June 2023		**5.9%**	**6.0%**	**6.7%**	**10.6%**	**2.0%**	**8.9%**	**10.6%**	**8.0%**
Six months ended 30th June 2022		6.3%	7.4%	7.5%	–	–	–	7.2%	6.8%

Note 1: (i) EBITDA and EBIT for Swire Coca-Cola (including that of Shanghai Shen-Mei and excluding non-recurring items and central and other costs) for the first half of 2023 were HK$3,745 million (2022: HK$2,950 million) and HK$2,437 million (2022: HK$1,797 million) respectively.

(ii) EBITDA margin and EBIT margin represent EBITDA and EBIT expressed as percentages of revenue (which includes that of Shanghai Shen-Mei and excludes sales to other bottlers).

RESULTS SUMMARY

Swire Coca-Cola made an attributable profit of HK$1,423 million in the first half of 2023. This included a non-recurring loss of HK$239 million, arising from an impairment on investment and relevant provisions in the joint venture for plastic recycling. There was a non-recurring gain of HK$35 million, arising from the fair value adjustment related to the acquisition of equity interests in the six subsidiaries of CCBMH in the Chinese Mainland. Excluding these non-recurring items, the attributable profit was HK$1,627 million, compared with HK$1,152 million in the first half of 2022.

Total revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) increased by 14% to HK$30,442 million. Sales volume increased by 18% to 1,055 million unit cases. In the Chinese Mainland, Hong Kong and Taiwan, both revenue and volume grew. In the USA, revenue increased but volume declined. The newly acquired franchise businesses in Vietnam and Cambodia started to contribute full-period revenue in the first half of 2023.

EBITDA (including that of Shanghai Shen-Mei and excluding non-recurring items and central and other costs) increased by 27% to HK$3,745 million. The EBITDA margin increased from 11.1% to 12.3%.

In June 2023, Swire Coca-Cola entered into an agreement with JS&S (Beverages) Inc., to sell its entire interests in Swire Coca-Cola, USA for an aggregate consideration of US$3.9 billion, subject to completion adjustments (the Transaction). The Transaction, which is conditional upon the approval of the independent shareholders of the Company, is expected to be completed in the second half of 2023. Swire Coca-Cola is expected to record a consolidated gain on disposal (disregarding transaction expenses and other adjustments) of over HK$22 billion. Swire Coca-Cola will provide management and administrative support services at an agreed management fee to Swire Coca-Cola, USA after completion of the Transaction.

Chinese Mainland

Attributable profit from the Chinese Mainland for the first half of 2023 was HK$651 million. Excluding the non-recurring gain, the attributable profit was HK$616 million in the first half of 2023, a 5% increase. Sales and operations have returned to normal with the lifting of COVID-19 related measures in early 2023.

Revenue (including that of Shanghai Shen-Mei and excluding sales to other bottlers) increased by 6% in local currency terms.

Sparkling, water and juice revenue increased by 2%, 18% and 17% respectively. Energy drinks revenue increased by 36%. Revenue from premium categories of coffee and tea increased by 19% and 20% respectively.

Total sales volume increased by 9%.

The increase in revenue was partly offset by higher raw material costs, operating expenses and depreciation charges. EBITDA and EBIT (including that of Shanghai Shen-Mei and excluding the non-recurring gain and central and other costs) increased by 2% and decreased by 1% in local currency terms respectively. In comparison with the same period of 2022, the EBITDA margin for the first half of 2023 decreased from 11.1% to 10.6%. The EBIT margin decreased from 6.3% to 5.9%.

Hong Kong

Attributable profit from Hong Kong for the first half of 2023 was HK$56 million, a 10% decrease from the first half of 2022. Sales recovered but the result was adversely affected by increases in raw material costs (partly arising from timing differences), operating expenses and depreciation charges.

Revenue (excluding sales to other bottlers) increased by 12%. Sparkling revenue increased by 10%. Still revenue increased by 13%. Coffee, tea, juice and water revenue increased by 5%, 13%, 18% and 23% respectively.

Total sales volume increased by 12%.

The higher raw material costs, operating expenses and depreciation charges as well as the absence of financial support provided by the HKSAR Government under the employment subsidy scheme in 2022, were partly offset by the higher revenue.

EBITDA was on par and EBIT decreased by 10%. The EBITDA margin decreased from 14.6% in the first half of 2022 to 13.1% in the first half of 2023. The EBIT margin decreased from 7.4% to 6.0%. The decrease in EBIT margin was due to higher operating expenses and depreciation charges.

Taiwan

Attributable profit from Taiwan for the first half of 2023 was HK$47 million, a 11% decrease from the first half of 2022. Sales and operations continued to grow with the lifting of COVID-19 related measures. Yet, unfavourable exchange rate movements adversely affected profits.

Revenue in local currency terms increased by 16%. Sparkling revenue increased by 13%. Still revenue increased by 19%. Tea and energy drinks revenue increased by 16% and 35%, respectively.

Total sales volume increased by 11%.

The increase in revenue was offset by higher raw material costs (partly arising from timing differences), operating expenses and depreciation charges. As a result, EBITDA and EBIT (excluding central and other costs) increased by 6% and 3% in local currency terms, respectively. The EBITDA margin decreased from 11.4% in the first half of 2022 to 10.4% in the first half of 2023. The EBIT margin decreased from 7.5% to 6.7%.

South East Asia

Attributable profit and EBITDA (excluding central and other costs) from South East Asia for the first half of 2023 were HK$70 million and HK$338 million, respectively. The EBITDA margin and EBIT margin for the first half of 2023 were 14.6% and 8.9%, respectively. The performance in Vietnam was strong but the beverages market in Cambodia was challenging.

USA

Attributable profit from the USA for the first half of 2023 was HK$913 million, a 65% increase from the first half of 2022.

Revenue in local currency terms (excluding sales to other bottlers) grew by 13%. The revenue increases reflected price increases and an improved product mix, despite a drop in sales volume. Local consumption remained resilient.

Sparkling revenue increased by 14%. Still revenue increased by 13%. The latter increase reflected an increase in revenue from energy and sports drinks of 11%.

Total sales volume decreased by 2%.

The increase in revenue was partly offset by higher cost of goods sold and operating expenses.

EBITDA and EBIT (excluding central and other costs) increased by 47% and 67% in local currency terms respectively. The EBITDA margin increased from 10.8% in the first half of 2022 to 13.9% in the first half of 2023. The EBIT margin increased from 7.2% to 10.6%.

OUTLOOK

Sales and operations in the Chinese Mainland are expected to be adversely affected by the economic slowdown in the second half of 2023. Increased raw material costs and operating expenses, as well as unfavourable exchange rate movements will adversely affect profits.

Hong Kong's inbound tourism increased with improving local consumption demand. Moderate growth in volume is expected. Raw material prices and operating expenses are expected to increase.

Sales and operations in Taiwan are expected to grow in the second half of 2023.

In the USA, revenue is expected to grow moderately in the second half of 2023 mainly due to the price increases at the end of 2022 and the beginning of 2023. Economic slowdown increasingly becomes a concern. Cost inflation continues to maintain at a relatively high level. The Transaction, conditional upon the approval of the independent shareholders of the Company, is expected to be completed in the second half of 2023.

We anticipate the newly acquired franchise business in Vietnam will be stable and make meaningful full-year contributions, while the business in Cambodia is expected to improve in the second half of 2023.

Karen So

AVIATION DIVISION

The Aviation Division comprises an associate interest in the Cathay group and the wholly-owned Hong Kong Aircraft Engineering Company (HAECO) group. Cathay Pacific Airways Limited (Cathay Pacific) is listed on The Stock Exchange of Hong Kong Limited. The Cathay group includes Cathay Pacific, Hong Kong Express Airways Limited (HK Express) and AHK Air Hong Kong Limited (Air Hong Kong) and associate interests in Air China Limited (Air China) and Air China Cargo Co., Ltd. (Air China Cargo). Cathay Pacific also has interests in companies providing flight catering and passenger and ramp handling services, and owns and operates a cargo terminal at Hong Kong International Airport.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
HAECO group			
Revenue	**8,464**	6,557	13,828
Operating profit	**192**	192	270
Attributable profit	**63**	166	185
Cathay group			
Share of post-tax profit/(loss) from associated companies	**1,921**	(2,250)	(2,947)
Attributable profit/(loss)	**1,796**	(2,236)	(3,072)

Accounting for the Aviation Division
The Group accounts for its associate interest in the Cathay group using the equity method of accounting. The Group recognises its share of net profit or loss as a single line-item in the consolidated statement of profit or loss. The figures of the HAECO group and the Cathay group above do not include Swire Pacific's consolidation adjustments.

RESULTS SUMMARY

The Aviation Division reported an attributable profit of HK$1,796 million in the first half of 2023. This compared with a loss of HK$2,236 million in the same period in 2022.

CATHAY GROUP

The first six months of 2023 has been a positive period for the Cathay group, as connectivity at the Hong Kong international aviation hub was being rebuilt following the full reopening of borders in Hong Kong and in the Chinese Mainland. The focus has been on adding more flights and more destinations to cater to the growing demand for travel, and good progress has been made.

The Cathay group's attributable profit on a 100% basis was HK$4,268 million in the first half of 2023 (2022 first half: loss of HK$4,999 million). Cathay Pacific reported a profit after tax of HK$6,717 million in the first half of 2023 (2022 first half: loss of HK$1,501 million). The share of profits from subsidiaries was HK$183 million (2022 first half: loss of HK$1,015 million), and the share of losses from associates was HK$2,632 million (2022 first half: loss of HK$2,483 million). The Cathay group recognised a one-off non-cash gain of HK$1.9 billion in the first half of 2023 as a result of a dilution of the interest in Air China following the completion of their A-shares offering in January.

Cathay Pacific – Key Operating Highlights

		Six months ended 30th June 2023	Six months ended 30th June 2022	Change
Available tonne kilometres (ATK)	*Million*	**9,628**	3,094	+211.2%
Available seat kilometres (ASK)	*Million*	**37,053**	3,059	+1111.3%
Available cargo tonne kilometres (AFTK)	*Million*	**6,095**	2,801	+117.6%
Revenue tonne kilometres (RTK)	*Million*	**6,969**	2,297	+203.4%
Passenger revenue	*HK$M*	**25,013**	2,068	+1109.5%
Passenger revenue per ASK	*HK¢*	**67.5**	67.6	-0.1%
Revenue passenger kilometres (RPK)	*Million*	**32,308**	1,810	+1685.0%
Revenue passengers carried	*'000*	**7,816**	335	+2233.1%
Passenger load factor	*%*	**87.2**	59.2	+28.0%pt
Passenger yield	*HK¢*	**77.4**	114.3	-32.3%
Cargo revenue	*HK$M*	**10,741**	12,148	-11.6%
Cargo revenue per AFTK	*HK$*	**1.76**	4.34	-59.4%
Cargo revenue tonne kilometres (RFTK)	*Million*	**3,886**	2,123	+83.0%
Cargo carried	*'000 Tonnes*	**651**	526	+23.8%
Cargo load factor	*%*	**63.8**	75.8	-12.0%pt
Cargo yield	*HK$*	**2.76**	5.72	-51.7%
Cost per ATK (with fuel)*	*HK$*	**3.35**	5.88	-43.0%
Cost per ATK (without fuel)*	*HK$*	**2.34**	5.19	-54.9%
Fuel consumption per million RTK	*Barrels*	**1,689**	1,772	-4.7%
Fuel consumption per million ATK	*Barrels*	**1,222**	1,316	-7.1%
Aircraft utilisation (including parked aircraft)	*Hours per day*	**6.7**	2.2	+204.5%
On-time performance	*%*	**79.7**	82.9	-3.2%pt
Average age of fleet	*Years*	**11.0**	11.3	-0.3years

* Cost per ATK represents total operating costs divided by ATK for the period.

Refer to Glossary on pages 86 and 87 for definitions.

Passenger Services

Cathay Pacific

Passenger revenue increased by 1,110% to HK$25,013 million in the first half of 2023 compared with the first half of 2022. Revenue passenger kilometres increased by 1,685%. Passenger capacity increased by 1,111%. Passengers carried were 7.8 million in the first half of the year, an average of 43,184 passengers per day, 2,233% more than in the first half of 2022. The load factor was 87.2%, compared with 59.2% in the first half of 2022.

HK Express

HK Express reported a profit for the first half of 2023. It benefitted from robust travel demand, especially for short-haul destinations in Asia, and in April it returned to pre-pandemic flight frequency levels with more than 420 flights per week.

Cargo Services

Cathay Pacific

Cargo revenue for the first half of 2023 was HK$10,741 million, a decrease of 12% compared with the same period in 2022, reflecting a weaker global market for air cargo. Cathay Pacific's cargo capacity increased by 118% during the same period. Total tonnage carried increased by 24% to 651 thousand tonnes. Yield decreased by 52% to HK$2.76 and load factor was 63.8% (2022 first half: 75.8%).

Air Hong Kong

Air Hong Kong reported a profit in the first half of 2023. Its results have been consistently solid and stable.

Operating Costs

Total fuel costs for Cathay Pacific (before the effect of fuel hedging) increased by HK$6,085 million (or 148%) compared with the first half of 2022. Non-fuel costs increased by 53% to HK$24,639 million.

Fleet Profile

At 30th June 2023, the total number of aircraft in the Cathay Pacific, HK Express and Air Hong Kong fleets was 225.

Fleet profile[a]

	Number at 30th June 2023														
		Leased[b]				Orders[c]				Expiry of operating leases[b]					
Aircraft type	Owned	Finance	Operating	**Total**	Average age	'23	'24	'25 and beyond	**Total**	'23	'24	'25	'26	'27	'28 and beyond
Cathay Pacific:															
A320-200	4[d]			**4**	19.8										
A321-200	2			**2**	19.7										
A321-200neo	4	3	5	**12**	1.2		4		**4**						5
A330-300	35	4	4	**43**	14.8							2	2		
A350-900	19	7	2	**28**	5.6	2[e]			**2**						2
A350-1000	11	7		**18**	3.6										
747-400ERF	6			**6**	14.5										
747-8F	8	6		**14**	10.4										
777-300	17			**17**	21.7										
777-300ER	30		9	**39**	10.6						3	2	4		
777-9								21	**21**						
Total	136	27	20	**183**	11.0	2	4	21	**27**		3	4	6		7
HK Express:															
A320-200			5	**5**	11.0					1	4				
A320-200neo			10	**10**	4.3										10
A321-200			11	**11**	5.7							1	2		8
A321-200neo		1[f]		**1**	0.3	3	8	4	**15**						
Total		1	26	**27**	6.0	3	8	4	**15**	1	4	1	2		18
Air Hong Kong[g][h]:															
A300-600F			8	**8**	18.2					2	6				
A330-243F			2	**2**	11.5								2		
A330-300P2F			5	**5**	13.3								3		2
Total			15	**15**	15.7					2	6		5		2
Grand total	**136**	**28**	**61**	**225**	**10.7**	**5**	**12**	**25**	**42**	**3**	**13**	**5**	**13**		**27**

(a) The table does not reflect aircraft movements after 30th June 2023.

(b) Leases previously classified as operating leases are accounted for in a similar manner to finance leases under accounting standards. The majority of operating leases in the above table are within the scope of HKFRS 16.

(c) Cathay Pacific took delivery of five new aircraft and HK Express took delivery of one new aircraft in the first six months of 2023. The group anticipates it will take delivery of a further five new aircraft in the second half of 2023. The group believes that based on its available unrestricted liquidity as at 30th June 2023, as well as its ready access to both loan and debt capital markets, it will have sufficient financing capacity to fund this material investment in the fleet.

(d) One Airbus A320-200 aircraft was transferred to HK Express in August 2023.

(e) One Airbus A350-900 aircraft was delivered in July 2023.

(f) The aircraft is finance leased by Cathay Pacific and sub-leased to HK Express.

(g) The contractual arrangements relating to the freighters operated by Air Hong Kong do not constitute leases in accordance with HKFRS 16.

(h) The plan is to return the eight A300-600F between 2023 and 2024 and to have them replaced with eight second-hand A330F. This allows the Air Hong Kong fleet to remain the same (at 15), at least until 2024.

Air China and Air China Cargo

The Cathay group's share of the results of Air China and Air China Cargo (in which the Cathay group had 16.26% and 24% interests respectively at 30th June 2023) is based on their financial statements drawn up three months in arrear. Consequently the 2023 interim results include Air China's and Air China Cargo's results for the six months ended 31st March 2023.

Results from these two associates decreased compared with the six months to 31st March 2022 as a result of the adverse impact of COVID-19 in the fourth quarter of 2022 which were taken up in the first quarter results.

OUTLOOK

Cathay Pacific remains immensely confident in the long-term future of the Hong Kong international aviation hub, which has an important role to play in the overall development of the country under the National 14th Five-Year Plan. The huge potential of the Greater Bay Area as the extended home market gives great optimism for the future.

Cathay Pacific is on track to achieve the target of 70% pre-pandemic passenger flight capacity levels covering 80 destinations by the end of 2023, and is confident of reaching 100% by the end of 2024.

Ronald Lam

HONG KONG AIRCRAFT ENGINEERING COMPANY (HAECO) GROUP

The HAECO group provides aviation maintenance and repair services. Its primary activities are aircraft maintenance and modification work in Hong Kong (by HAECO Hong Kong), in Xiamen (by HAECO Xiamen) and in the USA (by HAECO Americas), on-wing and off-wing engine support, and engine overhaul work in Hong Kong (by HAECO's 50% joint venture company, HAESL) and in Xiamen (by HAECO Engine Services (Xiamen)).

The HAECO group manufactures aircraft seats in the USA. The HAECO group has subsidiaries and joint venture companies in the Chinese Mainland which offer a range of aircraft engineering services, and has a 70% interest in HAECO ITM Limited, an inventory technical management joint venture with Cathay Pacific in Hong Kong.

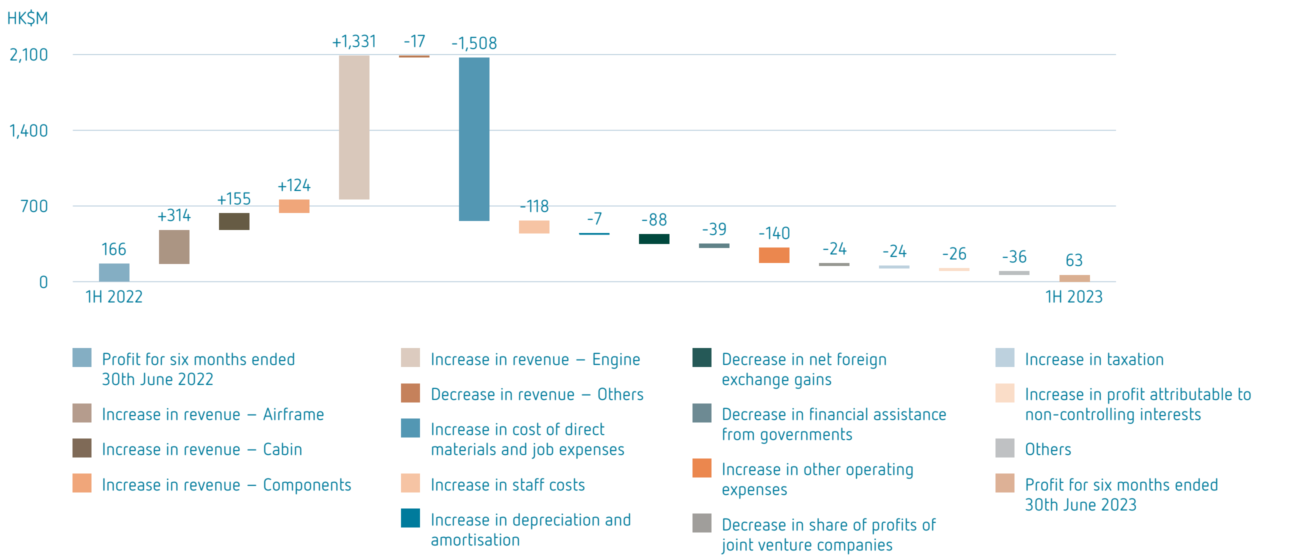
HAECO is a wholly-owned subsidiary of Swire Pacific.

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Revenue			
Airframe	**3,377**	3,063	6,033
Cabin	**310**	155	380
Components	**781**	657	1,489
Engine	**3,900**	2,569	5,788
Others	**96**	113	138
	8,464	6,557	13,828
Operating profit	**192**	192	270
Attributable profits/(losses)			
Airframe	**(1)**	(18)	(107)
Cabin	**(214)**	(49)	(145)
Components	**81**	23	139
Engine	**263**	250	469
Others	**(66)**	(40)	(106)
Attributable profit (excluding non-recurring item)	**63**	166	250
Components – impairment charges in respect of rotable aircraft parts	**–**	–	(65)^
Attributable profit	**63**	166	185

^ representing impairment charges at HAECO ITM.

HAECO group — Movement in Attributable Profit



Key Operating Highlights

		Six months ended 30th June 2023	2022	Change
Airframe – base maintenance manhours sold				
HAECO Hong Kong	*Million*	**1.31**	1.29	2%
HAECO Xiamen	*Million*	**2.02**	1.79	13%
HAECO Americas	*Million*	**1.34**	1.29	4%
Total	*Million*	**4.67**	4.37	7%
Airframe – line maintenance movements handled				
HAECO Hong Kong	*Thousand*	**36.9**	23.6	56%
Chinese Mainland	*Thousand*	**8.9**	6.5	37%
Total	*Thousand*	**45.8**	30.1	52%
Engines overhauled				
HAESL		**141**	129	9%
HAECO Engine Services (Xiamen)		**43**	31	39%

RESULTS SUMMARY

The HAECO group reported an attributable profit of HK$63 million for the first six months of 2023. This compares with a profit of HK$166 million for the equivalent period in 2022. The reduced profit was primarily attributable to a higher loss incurred in the cabin business, coupled with reduced unrealised foreign exchange gains at HAECO Xiamen. The rest of the group's businesses performed better than in the first half of 2022, benefitting from the workload recovery of line maintenance in Hong Kong and the component segment, coupled with the strong demand for engine overhaul at HAECO Engine Services (Xiamen).

Airframe

The airframe business of the HAECO group reported a loss of HK$1 million in the first half of 2023, compared with a loss of HK$18 million in the corresponding period in 2022. Revenue grew by 10% reflecting the recovery of line maintenance movements handled (52% more than in the first half of 2022) in addition to 4.67 million base maintenance manhours sold in the first half of 2023 (7% more than in the first half of 2022). HAECO Hong Kong, HAECO Xiamen and HAECO Americas all did more base maintenance work. The reduced unrealised foreign exchange gains recorded at HAECO Xiamen in the first half of 2023 from the corresponding period in 2022 offset part of the gain from the growth in workload.

HAECO Hong Kong

The airframe business of HAECO Hong Kong recorded a smaller loss in the first half of 2023 compared with that of the first half of 2022. Line maintenance reported a substantial growth in revenue reflecting the recovery in air traffic upon the lifting of pandemic-related travel restrictions and quarantine requirements at the end of 2022 in Hong Kong. Approximately 36,900 line maintenance aircraft movements were handled in the first half of 2023, an increase of 56% compared with the first half of 2022. 1.31 million base maintenance manhours were sold in first half of 2023, which were 2% more than in the first half of 2022, reflecting a stable demand.

HAECO Xiamen

In the first half of 2023, HAECO Xiamen's airframe services attributable profit was comparable to the first half of 2022 (which benefitted from more significant unrealised foreign exchange gains than the current period). Disregarding such gains in both periods, the attributable profit increased from the first half of 2022. 2.02 million base maintenance manhours were sold in the first half of 2023, 13% more than in the first half of 2022. This reflected a continuous recovery in demand for base maintenance work.

HAECO Americas

The airframe business of HAECO Americas incurred a higher loss in the first half of 2023 compared with that in the equivalent period in 2022, primarily attributable to higher finance expenses. On the operating profit level, the business recorded an increase in profit in the first half of 2023 compared to the first half of 2022, mainly due to improved profitability on maintenance work for key customers. Demand for base maintenance work was steady but output continued to be limited by the availability of skilled labour. 1.34 million base maintenance manhours were sold, 4% higher than those sold in the first half of 2022.

Cabin

The cabin business lost HK$214 million in the first half of 2023, compared with a loss of HK$49 million in the corresponding period in 2022. Despite revenue in the first half of 2023 doubling that of the corresponding period in 2022 driven primarily by more seats sold, the continued supply chain difficulties, as well as higher cost of sales and freight costs adversely affected the profitability of this business. A higher provision for stock obsolescence recorded in the first half of 2023 also had an unfavourable impact on the results.

Components

Attributable profit from the components business was HK$81 million in the first half of 2023, a 252% increase from the corresponding period in 2022. Revenue in the first half of 2023 grew by 19% from that of the first half of 2022. The component repair and overhaul business delivered strong improvement. Profits of HAECO ITM, HAECO Landing Gear Services and HAECO Composite Services also increased.

Engine

The attributable profit from the engine business was HK$263 million in the first half of 2023, a 5% increase from the corresponding period in 2022. Revenue (comprising that of HAECO Engine Services (Xiamen) and the global engine support business and excluding that of HAESL, which is not consolidated) in the first half of 2023 grew by 52% from that of the first half of 2022. The profit growth mainly resulted from a strong demand for engine overhaul at HAECO Engine Services (Xiamen).

HAESL

In the first half of 2023, HAESL recorded a decrease in attributable profit compared to the first half in 2022. Repair and overhaul services were performed on 141 engines, compared with 129 in the first half of 2022. The lower profit was largely a result of a change in workscope mix as well as higher interest expenses.

HAECO Engine Services (Xiamen)

In the first half of 2023, HAECO Engine Services (Xiamen) recorded an increase in attributable profit compared with the first half of 2022. 35 performance restoration workscopes and eight quick turn workscopes on GE90 aircraft engines were performed in the first half of 2023 (compared with 25 performance restoration workscopes and six quick turn workscopes in the same period in 2022). The profit growth reflected a strong demand for the repair and overhaul of GE90 aircraft engines.

Global Engine Support

Results of the global engine support business (which provides on-wing and off-wing engine support from HAECO group's facilities in Hong Kong, Dallas, Amsterdam and London) in the first half of 2023 slightly deteriorated from the corresponding period of 2022 reflecting higher operating expenses more than offsetting the revenue growth.

OUTLOOK

In the second half of 2023, demand for base maintenance work is expected to be stable. Line maintenance work is expected to continue its rebound with the recovery in air traffic. The availability of skilled manpower is likely to remain a persistent constraint particularly in the USA. Demand for engine overhaul services in the second half of 2023 is expected to increase from that of the first half of the year.

Pile foundations and superstructure construction of HAECO Xiamen's hangar facilities at the new Xiamen airport are underway. The relocation to the new airport will be material to HAECO Xiamen's operations from 2026.

Richard Sell

HEALTHCARE

Columbia China Healthcare

The Group has an associate investment in Columbia China Healthcare Co., Limited, which owns and operates private hospitals and senior housing in the Yangtze River Delta area.

Shenzhen New Frontier United Family Hospital and HEAL Medical Group

The Group has an associate investment in SHH Core Holding Limited, which owns Shenzhen New Frontier United Family Hospital, a private hospital operated by United Family Healthcare in Shenzhen and HEAL Medical Group. HEAL Medical Group operates four clinics in Hong Kong – HEAL Oncology, HEAL Aesthetic, HEAL Medical (a multi-specialist centre) and HEAL Fertility.

DeltaHealth

The Group has an associate investment in DeltaHealth China Limited, a healthcare provider in the Chinese Mainland specialising in cardiovascular care. DeltaHealth operates Shanghai DeltaHealth Hospital, a cardiovascular-focused general hospital, and DeltaWest Clinic, an outpatient clinic in the Gubei area of the Changning district.

RESULTS SUMMARY

The share of losses from the above healthcare companies was HK$80 million in the first half of 2023, compared with HK$95 million in the first half of 2022. In the first half of 2023, the hospitals have started to recover from the impact of the pandemic, leading to reduced losses. The hospitals are expected to continue to ramp up patient volume and revenue.

OUTLOOK

With the investments described above, the Group has exposure to the healthcare sector in the Yangtze River Delta and the Greater Bay Area. We have invested HK$1.7 billion in the sector. We are actively working to grow our healthcare services platform and will continue to seek investment opportunities in major city clusters in the Chinese Mainland and South East Asia.

Jeffrey Staples

TRADING & INDUSTRIAL

Financial Highlights

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Revenue			
Swire Resources	**1,243**	980	1,996
Taikoo Motors	**3,363**	2,695	5,636
Swire Foods	**705**	776	1,588
Swire Environmental Services	**82**	83	169
	5,393	4,534	9,389
Operating profits/(losses)			
Swire Resources	**75**	21	5
Taikoo Motors	**156**	129	226
Swire Foods	**(1)**	(425)	(487)
Swire Environmental Services	**26**	27	57
Central costs	**(11)**	(7)	(13)
	245	(255)	(212)
Attributable profits/(losses)			
Swire Resources	**65**	13	(5)
Taikoo Motors	**118**	97	168
Swire Foods	**(9)**	(437)	(505)
Swire Environmental Services	**22**	23	48
Central costs	**(11)**	(7)	(13)
	185	(311)	(307)
Non-recurring items			
Write-off of goodwill in respect of Qinyuan Bakery	**–**	(367)	(367)
Impairment of long-term assets at Qinyuan Bakery	**–**	(57)	(100)
Recurring profit	**185**	113	160

RESULTS SUMMARY

The attributable profit of the trading & industrial businesses in the first half of 2023 was HK$185 million, compared with an attributable loss of HK$311 million in the first half of 2022. The 2022 figure includes non-recurring losses aggregating HK$424 million in respect of goodwill and long-term assets at Qinyuan Bakery. Excluding the non-recurring losses, the trading & industrial businesses made a profit of HK$113 million in the first half of 2022.

Swire Resources

The attributable profit of Swire Resources in the first half of 2023 was HK$65 million, compared with an attributable profit of HK$13 million in the first half of 2022. Border opening in early 2023 with progressive return of tourists and the first phase of the HKSAR Government's consumption voucher scheme contributed to positive financial performance.

Revenue in the first half of 2023 was 27% higher than in the first half of 2022 with increasing tourist arrivals and better local sentiment. Gross profit margins increased because of less discounting. Costs were tightly managed. Talent shortage remains the key challenge of the business.

Taikoo Motors

The attributable profit of Taikoo Motors increased from HK$97 million in the first half of 2022 to HK$118 million in the first half of 2023.

10,065 vehicles were sold in the first half of 2023, 21% more than that of the first half of 2022. Revenue increased by 25% as supply chain bottleneck eased and pent-up demand fulfilled. Both gross and attributable profits increased.

Swire Foods

The Swire Foods group reported an attributable loss of HK$9 million for the first half of 2023, compared with an attributable loss of HK$437 million for the first half of 2022.

Qinyuan Bakery incurred an attributable loss of HK$13 million in the first half of 2023, compared with an attributable loss of HK$444 million in the first half of 2022. The 2022 figure includes non-recurring losses arising from a HK$367 million impairment of goodwill and a HK$57 million impairment in respect of other long-term assets. Excluding the non-recurring losses, Qinyuan Bakery incurred an attributable loss of HK$20 million in the first half of 2022. 395 stores were operated at 30th June 2023, compared with 436 stores at the end of 2022.

Taikoo Sugar recorded an attributable profit of HK$4 million in the first half of 2023, compared to HK$7 million in the first half of 2022. The volume of sugar sold by Taikoo Sugar's retail and food services business increased by 1% in Hong Kong but decreased by 18% in the Chinese Mainland. Margins decreased with lower retail sales volume in the Chinese Mainland. Sugar price surge also put pressure on our cost and profit margin.

Swire Environmental Services

Swire Environmental Services reported an attributable profit of HK$22 million in the first half of 2023, compared to an attributable profit of HK$23 million in the first half of 2022.

OUTLOOK

Progressive return of tourists is expected in the second half of 2023 to support better financial performance at Swire Resources. Shortage of labour and increasing costs are expected to affect the business.

Taikoo Motors expects a modest sales growth and margin compression in the second half of 2023 due to increasing market competition.

Qinyuan Bakery will continue to rationalise its retail network and product range, and to make its supply chain more agile and efficient, all with a view to improving longer term performance.

At Taikoo Sugar, Chinese Mainland food service recovery is not sufficient to cover the drop in retail as home consumption reduces after COVID-19 measures were lifted. However, with product revamp and new product launch, the second half results of Taikoo Sugar are expected to be better than those of the first half.

The business of Swire Environmental Services is expected to be worse in the second half of 2023 than in the first half.

The recurring profits of the trading & industrial businesses in the second half of 2023 are expected to be lower than those in the first half of 2023.

David Cogman

Financial Information Reviewed by Auditors

Additional information is provided below to reconcile reported and underlying profit attributable to the Company's shareholders. The reconciling items principally adjust for the net valuation movements on investment properties and the associated deferred tax in the Chinese Mainland and the USA, and for other deferred tax provisions in relation to investment properties. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit. There is a further adjustment to remove the effect of remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition.

	Note	Six months ended 30th June 2023 HK$M	Six months ended 30th June 2022 HK$M (Restated)	Year ended 31st December 2022 HK$M
Underlying profit				
Profit attributable to the Company's shareholders		**4,221**	1,914	4,195
Adjustments in respect of investment properties:				
Valuation losses/(gains) in respect of investment properties	(a)	**1,646**	(757)	(1,735)
Deferred tax on investment properties	(b)	**347**	213	1,402
Valuation gains realised on sale of interests in investment properties	(c)	**29**	299	915
Depreciation of investment properties occupied by the Group	(d)	**14**	14	28
Amortisation of right-of-use assets reported under investment properties	(e)	**(41)**	(42)	(80)
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(f)	**(306)**	–	–
Non-controlling interests' share of adjustments		**(316)**	111	23
Underlying profit attributable to the Company's shareholders		**5,594**	1,752	4,748

Notes:

(a) This represents the net valuation movements as shown in the Group's consolidated statement of profit or loss and the Group's share of net valuation movements of joint venture companies.

(b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture companies. These comprise deferred tax on valuation movements on investment properties in the Chinese Mainland and the USA, and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.

(c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, the valuation gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.

(d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(e) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

(f) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.

Recurring underlying profit is provided below to show the effect of significant non-recurring items.

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M (Restated)	2022 HK$M
Underlying profit attributable to the Company's shareholders	**5,594**	1,752	4,748
Significant non-recurring items:			
Gain on disposal of interests in investment properties and properties for sale	**(7)**	(407)	(1,255)
Gain on disposal of property, plant and equipment, intangible assets and other investments	**(853)**	(79)	(64)
Impairment of property, plant and equipment, right-of-use assets, intangible assets and investments	**145**	424	706
Remeasurement gain and disposal of assets classified as held for sale	**–**	(418)	(335)
Recurring underlying profit	**4,879**	1,272	3,800

Recurring underlying profit by division is provided below.

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M (Restated)	2022 HK$M
Property	**3,188**	2,994	5,844
Beverages	**1,627**	1,152	2,392
Aviation			
Cathay group*	**782**	(2,385)	(3,228)
HAECO group and others*	**52**	149	221
Trading & Industrial	**185**	113	160
Marine Services	**–**	17	17
Head Office, Healthcare and others	**(955)**	(768)	(1,606)
Recurring underlying profit	**4,879**	1,272	3,800

* Including consolidation adjustments.

Summary of Cash Flows

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Net cash from/(used in) businesses and investments			
Cash generated from operations	**7,206**	6,147	12,043
Dividends received	**222**	386	610
Tax paid	**(939)**	(1,357)	(2,628)
Net interest paid	**(1,336)**	(915)	(1,869)
Cash used in investing activities	**(8,646)**	(6,504)	(17,542)
	(3,493)	(2,243)	(9,386)
Cash paid to shareholders and net funding by/(repayment of) external debt			
Capital contribution from a non-controlling interest	**–**	986	1,003
Repurchase of the Company's shares	**(684)**	–	(2,639)
Dividends paid	**(3,697)**	(3,261)	(5,696)
Increase/(decrease) in borrowings	**8,952**	(4,187)	6,810
Principal elements of lease payments	**(445)**	(460)	(880)
	4,126	(6,922)	(1,402)
Increase/(decrease) in cash and cash equivalents	**633**	(9,165)	(10,788)

Changes in Financing

Financial Information Reviewed by Auditors

Analysis of Changes in Financing During the Period

	Six months ended 30th June 2023		Year ended 31st December 2022	
	Loans and bonds HK$M	Lease liabilities HK$M	Loans and bonds HK$M	Lease liabilities HK$M
At 1st January	68,373	4,916	61,549	5,340
Loans drawn and refinancing	13,508	–	25,676	–
Repayment of loans and bonds	(4,556)	–	(18,866)	–
Principal elements of lease payments	–	(445)	–	(880)
New leases arranged during the period	–	696	–	682
Change in composition of the Group	3,151	187	–	30
Effect of exchange differences	(39)	(27)	(53)	(185)
Transfer to liabilities associated with assets classified as held for sale	–	(494)	–	–
Other non-cash movements	(82)	124	67	(71)
At 30th June/31st December	80,355	4,957	68,373	4,916

Sources of Finance

Financial Information Reviewed by Auditors

At 30th June 2023, committed loan facilities and debt securities amounted to HK$102,953 million, of which HK$22,483 million (22%) were undrawn. In addition, there were lease liabilities amounting to HK$4,957 million. The Group had undrawn uncommitted facilities totalling HK$8,747 million. Sources of gross borrowings at 30th June 2023 comprised:

	Available HK$M	Drawn HK$M	Undrawn expiring within one year HK$M	Undrawn expiring beyond one year HK$M	Total Undrawn HK$M
Committed facilities					
Loans and bonds					
Bonds	45,469	45,469	–	–	–
Bank loans, overdrafts and other loans	57,484	35,001	3,333	19,150	22,483
Total committed facilities	102,953	80,470	3,333	19,150	22,483
Uncommitted facilities					
Bank loans, overdrafts and other loans	8,969	222	8,747	–	8,747
Total	111,922	80,692	12,080	19,150	31,230

Note: The figures above are stated before unamortised loan fees of HK$337 million.

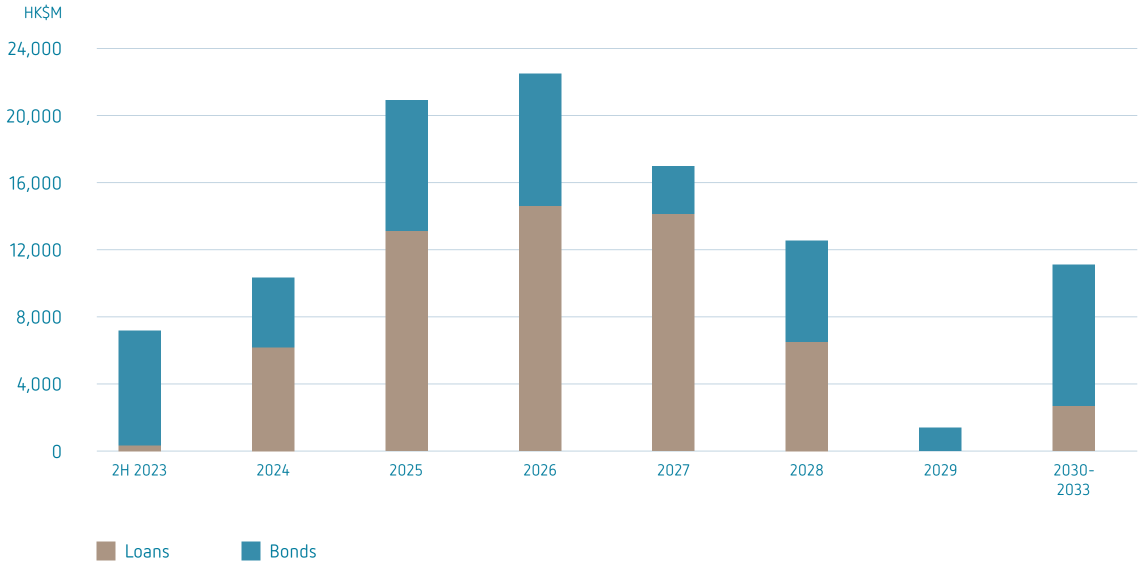
The Group had bank balances and short-term deposits of HK$13,440 million at 30th June 2023 compared to HK$11,614 million at 31st December 2022.

The Group maintains immediate access to committed funds to meet its refinancing and operational needs for the following nine months on a rolling basis, and capital commitments for the following 12 months on a rolling basis.

Maturity Profile and Refinancing

The maturity profile of the Group's available committed loan facilities and debt securities is set out below:

Total Available Committed Facilities by Maturity (at 30th June 2023)



Financial Information Reviewed by Auditors
Gross Borrowings and Lease Liabilities Maturity Profile

	30th June 2023					31st December 2022				
	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M
Within one year	9,004	11%	750	15%	9,754	10,244	15%	776	16%	11,020
Between one and two years	14,857	18%	614	13%	15,471	5,905	8%	615	12%	6,520
Between two and five years	45,442	57%	1,200	24%	46,642	38,066	56%	1,137	23%	39,203
Over five years	11,052	14%	2,393	48%	13,445	14,158	21%	2,388	49%	16,546
Total	80,355	100%	4,957	100%	85,312	68,373	100%	4,916	100%	73,289

Currency Profile

An analysis of the carrying amounts of gross borrowings and lease liabilities by currency (after cross-currency swaps) is shown below:

	30th June 2023					31st December 2022				
	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M	Loans and bonds HK$M	%	Lease liabilities HK$M	%	Total HK$M
Currency										
Hong Kong dollar	68,209	85%	2,859	58%	71,068	63,983	93%	2,778	56%	66,761
United States dollar	4,297	5%	213	4%	4,510	3,920	6%	376	8%	4,296
Renminbi	7,669	10%	1,116	23%	8,785	445	1%	1,020	21%	1,465
Others	180	0%	769	15%	949	25	0%	742	15%	767
Total	80,355	100%	4,957	100%	85,312	68,373	100%	4,916	100%	73,289

Finance Charges

Financial Information Reviewed by Auditors

At 30th June 2023, 64% of the Group's gross borrowings were on a fixed rate basis and 36% were on a floating rate basis (31st December 2022: 59% and 41% respectively). Interest charged and earned from continuing operations was as follows:

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Interest charged			
Bank loans and overdrafts	**700**	72	393
Other loans and bonds	**719**	807	1,495
Fair value (gain)/loss on derivative instruments			
Cross-currency and interest rate swaps: cash flow hedges, transferred to other comprehensive income	**(23)**	(14)	(24)
Cross-currency and interest rate swaps not qualifying as hedges	**2**	(4)	(4)
Amortised loan fees – loans at amortised cost	**52**	44	91
	1,450	905	1,951
Lease liabilities	**102**	93	181
Fair value loss on put options over non-controlling interests in subsidiary companies	**5**	27	43
Other financing costs	**66**	65	134
Capitalised on			
Investment properties	**(219)**	(191)	(370)
Properties for sale	**(121)**	(83)	(186)
	1,283	816	1,753
Less: interest income			
Short-term deposits and bank balances	**159**	106	216
Other loans	**67**	27	72
	226	133	288
Net finance charges	**1,057**	683	1,465

The amount transferred from other comprehensive income in respect of cash flow hedges for the six months ended 30th June 2023 included HK$13 million (30th June 2022: HK$10 million; year ended 31st December 2022: HK$30 million) relating to currency basis.

Gearing Ratio and Interest Cover

	30th June 2023	30th June 2022 (Restated)	31st December 2022
Gearing ratio*	**21.4%**	13.7%	18.0%
Gearing ratio – including lease liabilities^	**23.0%**	15.2%	19.5%
Interest cover – times*	**4.8**	9.9	8.3
Cash interest cover – times*	**3.6**	7.1	6.0
Underlying cash interest cover – times	**4.7**	6.6	6.1

* Refer to Glossary on pages 86 and 87 for definition.

^ Lease liabilities amounted to HK$4,957 million at 30th June 2023 and HK$4,916 million at 31st December 2022 (refer to note 23 to the financial statements).

Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of Swire Pacific reported in the consolidated statement of financial position does not include the share of net debt in its joint venture and associated companies. These companies had the following net debt positions at 30th June 2023 and 31st December 2022:

	Total net debt/(cash) of joint venture and associated companies		Portion of net debt/(cash) shared by the Group		Debt guaranteed by Swire Pacific or its subsidiaries	
	30th June 2023 HK$M	31st December 2022 HK$M	**30th June 2023 HK$M**	31st December 2022 HK$M	**30th June 2023 HK$M**	31st December 2022 HK$M
Property	**21,894**	25,930	**7,129**	9,320	**3,848**	4,181
Beverages	**(1,120)**	(2,079)	**(472)**	(874)	**–**	68
Aviation						
Cathay group	**15,850**	26,889	**15,908**	20,875	**–**	–
HAECO group	**(31)**	1,318	**4**	696	**–**	–
Trading & Industrial	**(33)**	(34)	**(14)**	(13)	**–**	–
Head Office, Healthcare and others	**1,911**	1,714	**396**	356	**–**	–
	38,471	53,738	**22,951**	30,360	**3,848**	4,249

If the share of net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 28.7% at 30th June 2023 (31st December 2022: 27.6%).

The lease liabilities of these companies at 30th June 2023 and 31st December 2022 were as follows:

	Total lease liabilities of joint venture and associated companies		Portion of lease liabilities shared by the Group	
	30th June 2023 HK$M	31st December 2022 HK$M	**30th June 2023 HK$M**	31st December 2022 HK$M
Property	**126**	185	**52**	81
Beverages	**92**	267	**49**	118
Aviation				
Cathay group	**28,715**	31,940	**12,922**	14,373
HAECO group	**16**	20	**8**	10
Trading & Industrial	**1**	–	**1**	–
Head Office, Healthcare and others	**37**	38	**7**	7
	28,987	32,450	**13,039**	14,589

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

pwc 羅兵咸永道

To the Board of Directors of Swire Pacific Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial statements set out on pages 43 to 82, which comprise the consolidated statement of financial position of Swire Pacific Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 10th August 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30th June 2023 – unaudited

	Note	(Unaudited) Six months ended 30th June 2023 HK$M	(Unaudited) Six months ended 30th June 2022 HK$M (Restated)	(Audited) Year ended 31st December 2022 HK$M
Continuing operations				
Revenue	4	**51,544**	44,284	91,169
Cost of sales		**(32,336)**	(27,348)	(56,981)
Gross profit		**19,208**	16,936	34,188
Distribution costs		**(8,510)**	(7,869)	(16,151)
Administrative expenses		**(4,006)**	(3,411)	(7,385)
Other operating expenses		**(179)**	(165)	(293)
Other net (losses)/gains	5	**(104)**	103	658
Change in fair value of investment properties		**(1,330)**	703	810
Operating profit		**5,079**	6,297	11,827
Finance charges		**(1,283)**	(816)	(1,753)
Finance income		**226**	133	288
Net finance charges	7	**(1,057)**	(683)	(1,465)
Share of profits of joint venture companies		**748**	751	1,857
Share of profits/(losses) of associated companies		**1,746**	(2,453)	(3,301)
Profit before taxation		**6,516**	3,912	8,918
Taxation	8	**(1,649)**	(1,330)	(3,013)
Profit from continuing operations		**4,867**	2,582	5,905
Discontinued operations				
Profit from discontinued operations	32	**–**	447	364
Profit for the period		**4,867**	3,029	6,269
Profit for the period attributable to:				
The Company's shareholders – from continuing operations		**4,221**	1,472	3,836
The Company's shareholders – from discontinued operations		**–**	442	359
Non-controlling interests – from continuing operations		**646**	1,110	2,069
Non-controlling interests – from discontinued operations		**–**	5	5
		4,867	3,029	6,269
Underlying profit attributable to the Company's shareholders	9	**5,594**	1,752	4,748
		HK$	HK$	HK$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	11			
'A' share – from continuing operations		**2.91**	0.98	2.57
'A' share – from discontinued operations		**–**	0.30	0.24
'B' share – from continuing operations		**0.58**	0.20	0.51
'B' share – from discontinued operations		**–**	0.06	0.05

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30th June 2023 – unaudited

	(Unaudited) Six months ended 30th June		(Audited) Year ended 31st December
	2023 HK$M	2022 HK$M (Restated)	2022 HK$M
Profit for the period	**4,867**	3,029	6,269
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property previously occupied by the Group losses recognised during the period	**(5)**	–	–
Defined benefit plans			
remeasurement (losses)/gains recognised during the period	**(10)**	10	856
deferred tax	**1**	1	(170)
Changes in the fair value of equity investments at fair value through other comprehensive income	**(5)**	44	259
Share of other comprehensive income of joint venture and associated companies	**15**	14	65
Net translation differences on foreign operations	**(449)**	(425)	(866)
	(453)	(356)	144
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
(losses)/gains recognised during the period	**(175)**	128	(93)
transferred from net finance charges	**(23)**	(14)	(24)
transferred to operating profit	**99**	86	201
deferred tax	**13**	(33)	(13)
Share of other comprehensive loss of joint venture and associated companies			
recognised during the period	**(1,481)**	(532)	(2,978)
reclassified to profit or loss on deemed disposal	**228**	–	–
Net translation differences on foreign operations			
recognised during the period	**(1,655)**	(1,962)	(3,932)
reclassified to profit or loss on disposal	**–**	57	57
	(2,994)	(2,270)	(6,782)
Other comprehensive loss for the period, net of tax	**(3,447)**	(2,626)	(6,638)
Total comprehensive income/(loss) for the period	**1,420**	403	(369)
Total comprehensive income/(loss) attributable to:			
The Company's shareholders – from continuing operations	**1,285**	(608)	(1,695)
The Company's shareholders – from discontinued operations	**–**	480	397
Non-controlling interests – from continuing operations	**135**	526	924
Non-controlling interests – from discontinued operations	**–**	5	5
	1,420	403	(369)

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30th June 2023 – unaudited

	Note	(Unaudited) 30th June 2023 HK$M	(Audited) 31st December 2022 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**20,422**	22,196
Investment properties	13	**283,963**	270,768
Intangible assets	14	**18,297**	13,930
Right-of-use assets	15	**8,658**	8,117
Properties held for development		**1,214**	1,208
Joint venture companies	16	**25,053**	30,346
Loans due from joint venture companies	16	**14,399**	15,460
Associated companies	17	**23,318**	23,686
Loans due from associated companies	17	**143**	131
Investments at fair value		**1,029**	1,041
Prepayment and other receivables	20	**33**	6,474
Derivative financial instruments	19	**202**	119
Deferred tax assets	24	**444**	278
Retirement benefit assets		**275**	273
		397,450	394,027
Current assets			
Properties for sale		**8,547**	8,264
Stocks and work in progress		**5,928**	7,608
Contract assets		**875**	841
Trade and other receivables	20	**9,809**	9,834
Taxation receivable		**430**	505
Derivative financial instruments	19	**49**	35
Bank balances and short-term deposits		**13,440**	11,614
		39,078	38,701
Assets classified as held for sale	21	**15,302**	2,038
		54,380	40,739
Current liabilities			
Trade and other payables	22	**28,552**	28,740
Contract liabilities		**1,093**	1,337
Taxation payable		**782**	311
Derivative financial instruments	19	**224**	124
Short-term loans		**180**	25
Long-term loans and bonds due within one year		**8,824**	10,219
Lease liabilities due within one year	23	**750**	776
		40,405	41,532
Liabilities associated with assets classified as held for sale	21	**5,885**	–
		46,290	41,532
Net current assets/(liabilities)		**8,090**	(793)
Total assets less current liabilities		**405,540**	393,234
Non-current liabilities			
Long-term loans and bonds		**71,351**	58,129
Long-term lease liabilities	23	**4,207**	4,140
Derivative financial instruments	19	**180**	101
Other payables	22	**514**	1,476
Deferred tax liabilities	24	**16,285**	13,090
Retirement benefit liabilities		**70**	362
		92,607	77,298
NET ASSETS		**312,933**	315,936
EQUITY			
Share capital	25	**1,294**	1,294
Reserves	26	**255,092**	257,162
Equity attributable to the Company's shareholders		**256,386**	258,456
Non-controlling interests	27	**56,547**	57,480
TOTAL EQUITY		**312,933**	315,936

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30th June 2023 – unaudited

	Note	(Unaudited) Six months ended 30th June 2023 HK$M	(Unaudited) Six months ended 30th June 2022 HK$M	(Audited) Year ended 31st December 2022 HK$M
Operating activities				
Cash generated from operations		**7,206**	6,147	12,043
Interest paid		**(1,533)**	(1,027)	(2,165)
Interest received		**197**	112	296
Tax paid		**(939)**	(1,357)	(2,628)
		4,931	3,875	7,546
Dividends received from joint venture and associated companies		**222**	386	610
Net cash generated from operating activities		**5,153**	4,261	8,156
Investing activities				
Purchase of property, plant and equipment and right-of-use assets		**(1,721)**	(1,333)	(3,114)
Additions of investment properties		**(1,332)**	(5,027)	(7,096)
Purchase of intangible assets		**(72)**	(57)	(314)
Proceeds from disposals of property, plant and equipment and right-of-use assets		**218**	86	695
Proceeds from disposals of investment properties		**60**	412	609
Proceeds from disposals of subsidiary companies, net of cash disposed of		**–**	186	1,174
Proceeds from partial disposal of an associated company		**–**	263	263
Proceeds from disposals of investments at fair value		**–**	11	1,484
Payment for acquisition of subsidiary companies, net of cash acquired	31	**(2,492)**	–	(1,783)
Purchase of shares in joint venture companies		**(762)**	(650)	(1,720)
Purchase of shares in associated companies		**(16)**	(79)	(97)
Prepayment of shares in respect of a subsidiary company		**–**	–	(6,430)
Equity to joint venture companies		**(221)**	(144)	(1,127)
Purchase of investments at fair value		**(314)**	(137)	(186)
Loans to joint venture companies		**(966)**	(149)	(178)
Loans to associated companies		**(78)**	(29)	(177)
Repayment of loans by joint venture companies		**173**	577	917
Repayment of loans by associated companies		**6**	–	–
Advances from joint venture companies		**–**	–	101
Advances to joint venture companies		**(522)**	(285)	(200)
Increase in deposits maturing after more than three months		**(549)**	(146)	(288)
Initial leasing costs incurred		**(58)**	(3)	(75)
Net cash used in investing activities		**(8,646)**	(6,504)	(17,542)
Net cash outflow before financing activities		**(3,493)**	(2,243)	(9,386)
Financing activities				
Loans drawn and refinancing		**13,508**	10,853	25,676
Repayment of loans and bonds		**(4,556)**	(15,040)	(18,866)
Principal elements of lease payments		**(445)**	(460)	(880)
		8,507	(4,647)	5,930
Capital contribution from a non-controlling interest		**–**	986	1,003
Repurchase of the Company's shares		**(684)**	–	(2,639)
Dividends paid to the Company's shareholders		**(2,675)**	(2,403)	(4,118)
Dividends paid to non-controlling interests		**(1,022)**	(858)	(1,578)
Net cash generated from/(used in) financing activities		**4,126**	(6,922)	(1,402)
Increase/(decrease) in cash and cash equivalents		**633**	(9,165)	(10,788)
Cash and cash equivalents at 1st January		**10,758**	22,519	22,519
Effect of exchange differences		**(274)**	(492)	(973)
Cash and cash equivalents at end of the period		**11,117**	12,862	10,758
Represented by:				
Bank balances and short-term deposits maturing within three months				
– Included in bank balances and short-term deposits		**10,434**	12,862	10,758
– Included in assets classified as held for sale		**683**	–	–
		11,117	12,862	10,758

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30th June 2023 – unaudited

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2023	**1,294**	**255,167**	**1,995**	**258,456**	**57,480**	**315,936**
Profit for the period	**–**	**4,221**	**–**	**4,221**	**646**	**4,867**
Other comprehensive income/(loss)	**–**	**6**	**(2,942)**	**(2,936)**	**(511)**	**(3,447)**
Total comprehensive income/(loss) for the period	**–**	**4,227**	**(2,942)**	**1,285**	**135**	**1,420**
Repurchase of the Company's shares	**–**	**(680)**	**–**	**(680)**	**–**	**(680)**
Dividends paid	**–**	**(2,675)**	**–**	**(2,675)**	**(1,068)**	**(3,743)**
At 30th June 2023 (unaudited)	**1,294**	**256,039**	**(947)**	**256,386**	**56,547**	**312,933**

	Attributable to the Company's shareholders					
	Share capital HK$M	Revenue reserve HK$M	Other reserves HK$M	Total HK$M	Non-controlling interests HK$M	Total equity HK$M
At 1st January 2022						
– as originally stated	1,294	257,166	8,490	266,950	57,218	324,168
– impact of adjustments in note 2(d)	–	(428)	(7)	(435)	(113)	(548)
– as restated	1,294	256,738	8,483	266,515	57,105	323,620
Profit for the period (restated)	–	1,914	–	1,914	1,115	3,029
Other comprehensive income/(loss) (restated)	–	19	(2,061)	(2,042)	(584)	(2,626)
Total comprehensive income/(loss) for the period (restated)	–	1,933	(2,061)	(128)	531	403
Capital contribution from a non-controlling interest	–	–	–	–	986	986
Dividends paid	–	(2,402)	–	(2,402)	(1,182)	(3,584)
Change in composition of the Group	–	–	–	–	(4)	(4)
At 30th June 2022 (unaudited) (restated)	1,294	256,269	6,422	263,985	57,436	321,421

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. SEGMENT INFORMATION

(a) Analysis of Consolidated Statement of Profit or Loss

Six months ended 30th June 2023	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the period HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Continuing operations											
Property											
Property investment	6,711	21	4,250	(264)	88	506	–	(672)	3,908	3,159	3,233
Change in fair value of investment properties	–	–	(1,330)	–	–	10	–	(262)	(1,582)	(1,286)	–
Property trading	89	–	(12)	–	4	(20)	–	(25)	(53)	(43)	(30)
Hotels	476	–	(37)	(7)	–	12	16	6	(10)	(8)	(8)
	7,276	**21**	**2,871**	**(271)**	**92**	**508**	**16**	**(953)**	**2,263**	**1,822**	**3,195**
Beverages											
Chinese Mainland	13,202	–	823	(24)	23	44	36	(202)	700	651	651
Hong Kong	1,154	1	67	(4)	–	–	–	(7)	56	56	56
Taiwan	1,086	–	63	(1)	–	–	–	(15)	47	47	47
South East Asia	2,317	–	152	(97)	57	–	–	(57)	55	55	55
USA	12,686	–	1,205	(29)	27	–	–	(290)	913	913	913
Central and other costs*	–	–	(296)	–	2	(5)	–	–	(299)	(299)	(299)
	30,445	**1**	**2,014**	**(155)**	**109**	**39**	**36**	**(571)**	**1,472**	**1,423**	**1,423**
Aviation											
Cathay group^	–	–	–	–	–	–	1,921	–	1,921	1,921	1,921
HAECO group	8,464	–	192	(120)	27	198	–	(72)	225	63	63
Others	–	–	(17)	–	–	–	(177)	–	(194)	(188)	(188)
	8,464	**–**	**175**	**(120)**	**27**	**198**	**1,744**	**(72)**	**1,952**	**1,796**	**1,796**
Trading & Industrial											
Swire Resources	1,243	–	75	(6)	3	3	–	(10)	65	65	65
Taikoo Motors	3,363	–	156	(6)	–	–	–	(32)	118	118	118
Swire Foods	667	38	(1)	(4)	2	–	–	(6)	(9)	(9)	(9)
Swire Environmental Services	82	–	26	–	1	–	–	(5)	22	22	22
Central costs	–	–	(11)	(1)	1	–	–	–	(11)	(11)	(11)
	5,355	**38**	**245**	**(17)**	**7**	**3**	**–**	**(53)**	**185**	**185**	**185**
Head Office, Healthcare and others											
Healthcare and others	–	–	4	–	–	–	(80)	–	(76)	(76)	(76)
Net income/(expenses)	4	35	(230)	(892)	163	–	–	–	(959)	(959)	(959)
Others	–	–	–	–	–	–	30	–	30	30	30
	4	**35**	**(226)**	**(892)**	**163**	**–**	**(50)**	**–**	**(1,005)**	**(1,005)**	**(1,005)**
Inter-segment elimination	**–**	**(95)**	**–**	**172**	**(172)**	**–**	**–**	**–**	**–**	**–**	**–**
Total – continuing operations	**51,544**	**–**	**5,079**	**(1,283)**	**226**	**748**	**1,746**	**(1,649)**	**4,867**	**4,221**	**5,594**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

* Provision for amount due from and other payable of a joint venture company included under operating profit/(loss) was HK$239 million.

^ After the share issuance of Air China in January 2023, the Cathay group's equity interest in Air China was reduced from 18.13% to 16.26%. Gain on deemed disposal of interest in Air China under share of profits of the Cathay group was HK$868 million (HK$1,929 million on a 100% basis). The share of profits also included a reversal of impairment charges of HK$94 million (HK$208 million on a 100% basis).

1. SEGMENT INFORMATION (continued)

(a) Analysis of Consolidated Statement of Profit or Loss (continued)

Six months ended 30th June 2022 (Restated)	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the period HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Continuing operations											
Property											
Property investment	6,243	22	4,108	(168)	89	604	–	(632)	4,001	3,241	3,565
Change in fair value of investment properties	–	–	703	–	–	(66)	–	(142)	495	344	–
Property trading	383	–	218	–	–	(9)	13	(71)	151	124	(18)
Hotels	262	–	(137)	–	–	(13)	(49)	20	(179)	(146)	(146)
	6,888	**22**	**4,892**	**(168)**	**89**	**516**	**(36)**	**(825)**	**4,468**	**3,563**	**3,401**
Beverages											
Chinese Mainland	13,029	–	827	(31)	23	27	58	(244)	660	586	586
Hong Kong	1,044	1	75	(4)	–	–	–	(9)	62	62	62
Taiwan	994	–	67	–	–	–	–	(14)	53	53	53
USA	11,263	–	731	(33)	4	–	–	(148)	554	554	554
Central and other costs	–	–	(97)	–	3	(9)	–	–	(103)	(103)	(103)
	26,330	**1**	**1,603**	**(68)**	**30**	**18**	**58**	**(415)**	**1,226**	**1,152**	**1,152**
Aviation											
Cathay group	–	–	–	–	–	–	(2,250)	–	(2,250)	(2,250)	(2,250)
HAECO group	6,557	–	192	(75)	11	222	–	(48)	302	166	166
Others	–	–	(16)	–	–	(5)	(136)	–	(157)	(152)	(152)
	6,557	**–**	**176**	**(75)**	**11**	**217**	**(2,386)**	**(48)**	**(2,105)**	**(2,236)**	**(2,236)**
Trading & Industrial											
Swire Resources	980	–	21	(7)	2	–	–	(3)	13	13	13
Taikoo Motors	2,695	–	129	(6)	1	–	–	(27)	97	97	97
Swire Foods*	744	32	(425)	(5)	1	–	–	(8)	(437)	(437)	(437)
Swire Environmental Services	83	–	27	–	–	–	–	(4)	23	23	23
Central costs	–	–	(7)	–	–	–	–	–	(7)	(7)	(7)
	4,502	**32**	**(255)**	**(18)**	**4**	**–**	**–**	**(42)**	**(311)**	**(311)**	**(311)**
Head Office, Healthcare and others											
Healthcare and others	–	–	(8)	–	–	–	(95)	–	(103)	(103)	(103)
Net income/(expenses)	7	27	(183)	(542)	54	–	–	–	(671)	(671)	(671)
Others^	–	–	72	–	–	–	6	–	78	78	78
	7	**27**	**(119)**	**(542)**	**54**	**–**	**(89)**	**–**	**(696)**	**(696)**	**(696)**
Inter-segment elimination	**–**	**(82)**	**–**	**55**	**(55)**	**–**	**–**	**–**	**–**	**–**	**–**
Total – continuing operations	**44,284**	**–**	**6,297**	**(816)**	**133**	**751**	**(2,453)**	**(1,330)**	**2,582**	**1,472**	**1,310**
Discontinued operations											
Swire Pacific Offshore group@	**524**	**–**	**(59)**	**(3)**	**–**	**–**	**–**	**(47)**	**(109)**	**(114)**	**(114)**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

* Impairment charges included under operating profit/(loss) in Qinyuan Bakery were HK$424 million.

^ Gain on partial disposal and deemed disposal of interest in Cadeler included under operating profit was HK$72 million.

@ The remeasurement gain in respect of the SPO disposal group was HK$556 million. The net gain for the period in respect of the SPO disposal group was HK$447 million.

1. SEGMENT INFORMATION (continued)

(a) Analysis of Consolidated Statement of Profit or Loss (continued)

Year ended 31st December 2022	External revenue HK$M	Inter-segment revenue HK$M	Operating profit/(loss) HK$M	Finance charges HK$M	Finance income HK$M	Share of profits/(losses) of joint venture companies HK$M	Share of profits/(losses) of associated companies HK$M	Tax (charge)/credit HK$M	Profit/(loss) for the year HK$M	Profit/(loss) attributable to the Company's shareholders HK$M	Underlying profit/(loss) attributable to the Company's shareholders HK$M
Continuing operations											
Property											
Property investment	12,302	38	8,266	(359)	171	1,018	–	(973)	8,123	6,576	7,290
Change in fair value of investment properties	–	–	810	–	–	510	–	(1,042)	278	110	–
Property trading	921	–	209	–	1	(18)	66	(87)	171	140	89
Hotels	565	–	(259)	–	–	(67)	(54)	38	(342)	(280)	(280)
	13,788	**38**	**9,026**	**(359)**	**172**	**1,443**	**12**	**(2,064)**	**8,230**	**6,546**	**7,099**
Beverages											
Chinese Mainland	26,142	–	1,269	(53)	48	59	64	(372)	1,015	902	902
Hong Kong	2,330	2	221	(7)	–	–	–	(23)	191	191	191
Taiwan	2,123	–	176	(1)	–	–	–	(37)	138	138	138
South East Asia	75	–	(48)	(5)	1	–	–	(5)	(57)	(57)	(57)
USA	23,553	–	1,803	(69)	23	–	–	(365)	1,392	1,392	1,392
Central and other costs	–	–	(147)	–	4	(31)	–	–	(174)	(174)	(174)
	54,223	**2**	**3,274**	**(135)**	**76**	**28**	**64**	**(802)**	**2,505**	**2,392**	**2,392**
Aviation											
Cathay group	–	–	–	–	–	–	(2,947)	–	(2,947)	(2,947)	(2,947)
HAECO group*	13,828	–	270	(144)	29	391	–	(81)	465	185	185
Others	–	–	(32)	–	–	(6)	(281)	1	(318)	(310)	(310)
	13,828	**–**	**238**	**(144)**	**29**	**385**	**(3,228)**	**(80)**	**(2,800)**	**(3,072)**	**(3,072)**
Trading & Industrial											
Swire Resources	1,996	–	5	(13)	5	1	–	(3)	(5)	(5)	(5)
Taikoo Motors	5,636	–	226	(12)	1	–	–	(47)	168	168	168
Swire Foods*	1,520	68	(487)	(10)	2	–	–	(10)	(505)	(505)	(505)
Swire Environmental Services	169	–	57	–	–	–	–	(9)	48	48	48
Central costs	–	–	(13)	–	–	–	–	–	(13)	(13)	(13)
	9,321	**68**	**(212)**	**(35)**	**8**	**1**	**–**	**(69)**	**(307)**	**(307)**	**(307)**
Head Office, Healthcare and others											
Healthcare and others*	–	–	(168)	–	–	–	(170)	–	(338)	(338)	(338)
Net income/(expenses)	9	55	(354)	(1,212)	94	–	–	2	(1,470)	(1,470)	(1,470)
Others^	–	–	23	41	–	–	21	–	85	85	85
	9	**55**	**(499)**	**(1,171)**	**94**	**–**	**(149)**	**2**	**(1,723)**	**(1,723)**	**(1,723)**
Inter-segment elimination	**–**	**(163)**	**–**	**91**	**(91)**	**–**	**–**	**–**	**–**	**–**	**–**
Total – continuing operations	**91,169**	**–**	**11,827**	**(1,753)**	**288**	**1,857**	**(3,301)**	**(3,013)**	**5,905**	**3,836**	**4,389**
Discontinued operations											
Swire Pacific Offshore group@	**524**	**–**	**(142)**	**(3)**	**–**	**–**	**–**	**(47)**	**(192)**	**(197)**	**(197)**

Note: Sales between business segments are accounted for at competitive market prices charged to unaffiliated customers for similar goods and services. Interest charged by the Head Office to the business segments is based on market interest rates and the Group's cost of debt.

* Impairment charges included under operating profit/(loss) in relation to the HAECO group, Qinyuan Bakery and Columbia China Healthcare were HK$65 million, HK$467 million and HK$163 million respectively.

^ Gain on partial disposal and deemed disposal of interest in Cadeler included under operating profit was HK$64 million.

@ The remeasurement gain in respect of the SPO disposal group was HK$556 million. The net gain for the year in respect of the SPO disposal group was HK$364 million.

1. SEGMENT INFORMATION (continued)

(b) Analysis of total assets of the Group

At 30th June 2023	Segment assets HK$M	Joint venture companies* HK$M	Associated companies* HK$M	Bank deposits HK$M	Total assets HK$M
Property					
Property investment	292,932	28,540	–	4,051	325,523
Property trading	10,188	3,439	285	109	14,021
Hotels	4,599	1,601	250	87	6,537
	307,719	**33,580**	**535**	**4,247**	**346,081**
Beverages					
Swire Coca-Cola	**45,822**	**1,072**	**534**	**4,732**	**52,160**
Aviation					
Cathay group	–	–	20,349	–	20,349
HAECO group	12,523	1,953	–	2,631	17,107
Others	3,896	2,804	–	–	6,700
	16,419	**4,757**	**20,349**	**2,631**	**44,156**
Trading & Industrial					
Swire Resources	864	40	–	220	1,124
Taikoo Motors	2,794	–	–	24	2,818
Swire Foods	648	3	–	286	937
Swire Environmental Services	108	–	–	34	142
Other activities	2	–	–	76	78
	4,416	**43**	**–**	**640**	**5,099**
Head Office, Healthcare and others	**1,101**	**–**	**2,043**	**1,190**	**4,334**
	375,477	**39,452**	**23,461**	**13,440**	**451,830**

* The assets relating to joint venture and associated companies include the loans due from these companies.

1. SEGMENT INFORMATION (continued)

(b) Analysis of total assets of the Group (continued)

At 31st December 2022	Segment assets HK$M	Joint venture companies* HK$M	Associated companies* HK$M	Bank deposits HK$M	Total assets HK$M
Property					
Property investment	278,059	35,439	–	4,252	317,750
Property trading	9,911	2,762	285	164	13,122
Hotels	4,107	1,661	240	86	6,094
	292,077	**39,862**	**525**	**4,502**	**336,966**
Beverages					
Swire Coca-Cola	**40,504**	**1,189**	**1,742**	**3,106**	**46,541**
Aviation					
Cathay group	–	–	19,565	–	19,565
HAECO group	11,914	1,910	–	1,943	15,767
Others	3,911	2,805	–	–	6,716
	15,825	**4,715**	**19,565**	**1,943**	**42,048**
Trading & Industrial					
Swire Resources	869	37	–	275	1,181
Taikoo Motors	2,526	–	–	74	2,600
Swire Foods	665	3	–	368	1,036
Swire Environmental Services	112	–	–	42	154
Other activities	1	–	–	2	3
	4,173	**40**	**–**	**761**	**4,974**
Head Office, Healthcare and others	**950**	**–**	**1,985**	**1,302**	**4,237**
	353,529	**45,806**	**23,817**	**11,614**	**434,766**

* The assets relating to joint venture and associated companies include the loans due from these companies.

1. SEGMENT INFORMATION (continued)

(c) Analysis of total liabilities and non-controlling interests of the Group

At 30th June 2023	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property							
Property investment	8,398	14,150	(8,827)	33,098	653	47,472	52,476
Property trading	1,343	24	8,357	–	–	9,724	774
Hotels	197	1	470	10	–	678	1,080
	9,938	**14,175**	**–**	**33,108**	**653**	**57,874**	**54,330**
Beverages							
Swire Coca-Cola	**19,435**	**2,412**	**4,624**	**88**	**653**	**27,212**	**433**
Aviation							
HAECO group	**4,284**	**362**	**2,294**	**42**	**2,552**	**9,534**	**1,784**
Trading & Industrial							
Swire Resources	659	24	(45)	–	434	1,072	–
Taikoo Motors	697	31	–	92	536	1,356	–
Swire Foods	341	10	(6)	–	128	473	–
Swire Environmental Services	53	4	–	–	1	58	–
Other activities	20	–	6	–	–	26	–
	1,770	**69**	**(45)**	**92**	**1,099**	**2,985**	**–**
Head Office, Healthcare and others	**1,091**	**49**	**(6,873)**	**47,025**	**–**	**41,292**	**–**
	36,518	**17,067**	**–**	**80,355**	**4,957**	**138,897**	**56,547**

1. SEGMENT INFORMATION (continued)

(c) Analysis of total liabilities and non-controlling interests of the Group (continued)

At 31st December 2022	Segment liabilities HK$M	Current and deferred tax liabilities HK$M	Inter-segment borrowings/ (advances) HK$M	External borrowings HK$M	Lease liabilities HK$M	Total liabilities HK$M	Non-controlling interests HK$M
Property							
Property investment	8,529	11,401	(8,136)	22,821	614	35,229	53,328
Property trading	1,326	20	7,781	1	–	9,128	721
Hotels	167	–	355	13	–	535	1,024
	10,022	**11,421**	**–**	**22,835**	**614**	**44,892**	**55,073**
Beverages							
Swire Coca-Cola	**15,710**	**1,492**	**4,731**	**25**	**801**	**22,759**	**495**
Aviation							
HAECO group	**3,831**	**370**	**2,123**	**77**	**2,390**	**8,791**	**1,912**
Trading & Industrial							
Swire Resources	661	24	(54)	–	391	1,022	–
Taikoo Motors	650	46	–	–	558	1,254	–
Swire Foods	389	11	(6)	–	160	554	–
Swire Environmental Services	61	–	–	–	2	63	–
Other activities	18	–	6	–	–	24	–
	1,779	**81**	**(54)**	**–**	**1,111**	**2,917**	**–**
Head Office, Healthcare and others	**798**	**37**	**(6,800)**	**45,436**	**–**	**39,471**	**–**
	32,140	13,401	–	68,373	4,916	118,830	57,480

1. SEGMENT INFORMATION (continued)

(d) Analysis of external revenue of the Group – Timing of revenue recognition from continuing operations

	Six months ended 30th June 2023				Six months ended 30th June 2022 (Restated)			
	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M	At a point in time HK$M	Over time HK$M	Rental income on leases HK$M	Total HK$M
Property								
Property investment	–	55	6,656	6,711	–	50	6,193	6,243
Property trading	89	–	–	89	383	–	–	383
Hotels	221	255	–	476	153	109	–	262
	310	310	6,656	7,276	536	159	6,193	6,888
Beverages								
Chinese Mainland	13,202	–	–	13,202	13,029	–	–	13,029
Hong Kong	1,154	–	–	1,154	1,044	–	–	1,044
Taiwan	1,086	–	–	1,086	994	–	–	994
South East Asia	2,317	–	–	2,317	–	–	–	–
USA	12,686	–	–	12,686	11,263	–	–	11,263
	30,445	–	–	30,445	26,330	–	–	26,330
Aviation								
HAECO group	423	8,041	–	8,464	217	6,340	–	6,557
Trading & Industrial								
Swire Resources	1,243	–	–	1,243	980	–	–	980
Taikoo Motors	3,362	1	–	3,363	2,694	1	–	2,695
Swire Foods	650	17	–	667	725	19	–	744
Swire Environmental Services	–	82	–	82	–	83	–	83
	5,255	100	–	5,355	4,399	103	–	4,502
Head Office	–	4	–	4	–	7	–	7
Total	36,433	8,455	6,656	51,544	31,482	6,609	6,193	44,284

The Group is organised on a divisional basis: Property, Beverages, Aviation and Trading & Industrial.

The reportable segments within each of the divisions are classified according to the nature of the business. The Head Office is also considered to be a reportable segment as discrete financial information is available for the Head Office activities and regularly provided to the Board.

There are no significant differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

2. BASIS OF PREPARATION

(a) The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of The Listing Rules of The Stock Exchange of Hong Kong Limited.

The unaudited condensed interim financial statements are set out on pages 43 to 82 and also include the "Financial Information Reviewed by Auditors" under Financial Review on pages 35 and 36 and Financing on pages 37 to 41.

The financial information relating to the year ended 31st December 2022 that is included in this document as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the Ordinance)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2022 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The Company's auditor has reported on those specified financial statements. That report was not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 406(2) or 407(2) or (3) of the Ordinance.

The accounting policies and methods of computation and presentation used in the preparation of the condensed interim financial statements are consistent with those described in the 2022 annual financial statements except for those noted in 2(b) below.

(b) The following revised standards were required to be adopted by the Group effective from 1st January 2023:

Amendments to HKAS 1, HKAS 8 and HKAS 12	Narrow-scope Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration

None of the new and revised standards and interpretations had a significant effect on the Group's consolidated financial statements or accounting policies.

(c) The preparation of the condensed interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgements or complexity and areas where assumptions and estimates are significant to the Group's consolidated financial statements are detailed in the 2022 annual financial statements.

2. BASIS OF PREPARATION (continued)

(d) The Group has changed its accounting policy with respect to the IASB agenda decision on "Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)" in October 2022. Details of the change were disclosed in the Group's 2022 annual financial statements.

The change in accounting policy has been applied retrospectively by restating the results for the period ended 30th June 2022:

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30th June 2022

	As previously reported HK$M	Effect on change HK$M	As restated HK$M
Revenue	44,072	212	44,284
Cost of sales	(27,170)	(178)	(27,348)
Share of profits of joint venture companies	744	7	751
Taxation	(1,321)	(9)	(1,330)
Profit for the period attributable to:			
– The Company's shareholders	1,891	23	1,914
– Non-controlling interests	1,106	9	1,115
Net translation differences on foreign operations recognised during the period	(1,901)	(4)	(1,905)
Total comprehensive (loss)/income attributable to:			
– The Company's shareholders	(147)	19	(128)
– Non-controlling interests	522	9	531
Earnings per share (basic and diluted) – HK$			
'A' share	1.26	0.02	1.28
'B' share	0.25	0.01	0.26

3. FINANCIAL RISK MANAGEMENT

In the normal course of business the Group is exposed to financial risks attributable to interest rates, currencies, credit and liquidity.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 annual financial statements. There have been no changes in the Group's financial risk management structure, policies and procedures since the year end.

4. REVENUE

Revenue from continuing operations represents sales by the Company and its subsidiary companies to external customers and comprises:

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M (Restated)	2022 HK$M
Gross rental income from investment properties	**6,656**	6,193	12,188
Property trading	**89**	383	921
Hotels	**476**	262	565
Sales of goods	**36,078**	30,908	63,727
Aircraft and engine maintenance services	**7,622**	5,883	12,524
Rendering of other services	**623**	655	1,244
	51,544	44,284	91,169

5. OTHER NET (LOSSES)/GAINS

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Gain on disposals of subsidiary companies	**–**	–	520
Gain arising from the acquisition of interests in joint venture companies	**551**	–	–
Gain on partial disposal and deemed disposal of an associated company	**–**	72	64
Gain on disposals of investment properties	**–**	27	31
Loss on disposals of property, plant and equipment	**(18)**	(3)	(11)
(Loss)/gain on disposals of assets classified as held for sale	**(1)**	4	20
Change in fair value of assets classified as held for sale	**(411)**	49	48
Net foreign exchange (losses)/gains	**(79)**	159	250
Fair value gains on investments at fair value through profit or loss	**8**	4	7
Fair value losses on cross-currency swaps transferred from cash flow hedge reserve	**(99)**	(82)	(190)
Fair value gains on forward foreign exchange contracts not qualifying as hedges	**1**	3	1
Reversal of impairment charges/(impairment charges) recognised on			
Property, plant and equipment	**4**	(20)	(150)
Right-of-use assets	**–**	–	(33)
Intangible assets	**(3)**	(369)	(369)
Goodwill in respect of interest in an associated company	**–**	–	(163)
Provision for amount due from and other payable of a joint venture company	**(239)**	–	–
Dividend income on equity investments	**1**	–	2
Government subsidies	**70**	180	323
Other income	**111**	79	308
Total	**(104)**	103	658

6. EXPENSES BY NATURE

Expenses from continuing operations included in cost of sales, distribution costs, administrative expenses and other operating expenses are analysed as follows:

	Note	Six months ended 30th June 2023 HK$M	Six months ended 30th June 2022 HK$M (Restated)	Year ended 31st December 2022 HK$M
Direct rental outgoings in respect of investment properties*		**1,483**	1,382	2,997
Cost of goods sold		**24,070**	20,380	42,398
Write-down of stocks and work in progress		**67**	58	211
Impairment charges on trade receivables		**22**	7	54
Depreciation of property, plant and equipment	12	**1,536**	1,324	2,628
Depreciation of right-of-use assets				
Leasehold land held for own use		**24**	15	30
Land use rights		**26**	26	48
Property		**430**	430	844
Plant and equipment		**23**	23	40
Amortisation of				
Intangible assets	14	**157**	133	284
Initial leasing costs in respect of investment properties		**69**	16	79
Others		**5**	6	12
Staff costs		**9,754**	8,907	17,560
Other lease expenses**		**132**	72	178
Other expenses		**7,233**	6,014	13,447
Total cost of sales, distribution costs, administrative expenses and other operating expenses		**45,031**	38,793	80,810

* Direct rental outgoings in respect of investment properties include impairment charges relating to expected credit loss on forgiveness of lease payments of operating lease receivables, i.e. rent concession granted to tenants during the period, under HKFRS 9 of HK$13 million (30th June 2022 (restated): HK$178 million; year ended 31st December 2022: HK$319 million).

** These expenses relate to short-term leases, leases of low-value assets or leases with variable payments, net of rent concessions received (nil for the six months ended 30th June 2023; 30th June 2022: HK$40 million; year ended 31st December 2022: HK$44 million). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

7. NET FINANCE CHARGES

Refer to the table with the heading "Financial Information Reviewed by Auditors" on page 40 for details of the Group's net finance charges.

8. TAXATION

	Note	Six months ended 30th June 2023 HK$M	Six months ended 30th June 2022 HK$M (Restated)	Year ended 31st December 2022 HK$M
Current taxation				
Hong Kong profits tax		**291**	280	417
Overseas tax		**1,073**	886	1,584
Under/(over)-provisions in prior years		**9**	(2)	(48)
		1,373	1,164	1,953
Deferred taxation	24			
Change in fair value of investment properties		**88**	(34)	472
Origination and reversal of temporary differences		**188**	203	579
Effect of change in tax rate in USA		**–**	(3)	9
		276	166	1,060
		1,649	1,330	3,013

Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

The Group's share of joint venture companies' tax charges of HK$195 million (30th June 2022 (restated): HK$216 million; year ended 31st December 2022: HK$620 million) and share of associated companies' tax charges from continuing operations for the six months ended 30th June 2023 of HK$204 million (30th June 2022: tax credits of HK$154 million; year ended 31st December 2022: tax charges of HK$379 million) respectively are included in the share of results of joint venture and associated companies shown in the consolidated statement of profit or loss.

9. UNDERLYING PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

Refer to the table with the heading "Financial Information Reviewed by Auditors" on page 35 for details of the Group's underlying profit attributable to the Company's shareholders.

10. DIVIDENDS

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
First interim dividend declared on 10th August 2023 of HK$1.20 per 'A' share and HK$0.24 per 'B' share (2022 first interim dividends paid: HK$1.15 and HK$0.23)	**1,730**	1,727	1,716
Second interim dividend paid on 5th May 2023 of HK$1.85 per 'A' share and HK$0.37 per 'B' share	**–**	–	2,675
	1,730	1,727	4,391

The second interim dividend paid during the year ended 31st December 2022 does not include the amount of the dividend which would have been payable in respect of the shares of the Company which were repurchased prior to 14th April 2023 if those shares had not been so repurchased.

The Directors have declared first interim dividends of HK$1.20 (2022: HK$1.15) per 'A' share and HK$0.24 (2022: HK$0.23) per 'B' share for the year ending 31st December 2023. The first interim dividends, which total HK$1,730 million (2022: HK$1,727 million), will be paid on Friday, 13th October 2023 to shareholders registered at the close of business on the record date, being Friday, 15th September 2023. Shares of the Company will be traded ex-dividend as from Wednesday, 13th September 2023.

The register of members will be closed on Friday, 15th September 2023, during which day no transfer of shares will be effected. In order to qualify for entitlement to the first interim dividends, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th September 2023.

11. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share from continuing operations is calculated by dividing the profit attributable to the Company's shareholders arising from the continuing operations for the period ended 30th June 2023 of HK$4,221 million (30th June 2022 (restated): HK$1,472 million; year ended 31st December 2022: HK$3,836 million) by the daily weighted average number of 862,765,464 'A' shares and 2,932,460,953 'B' shares in issue during the period (30th June 2022: 905,206,000 'A' shares and 2,981,870,000 'B' shares; 31st December 2022: 899,151,926 'A' shares and 2,975,555,658 'B' shares), in the proportion five to one.

For the period ended 30th June 2022, the calculation of earnings per share from discontinued operations was calculated by dividing the profit attributable to the Company's shareholders arising from the discontinued operations of HK$442 million (31st December 2022: HK$359 million) by the daily weighted average number of 905,206,000 'A' shares and 2,981,870,000 'B' shares in issue during the period (31st December 2022: 899,151,926 'A' shares and 2,975,555,658 'B' shares), in the proportion five to one.

12. PROPERTY, PLANT AND EQUIPMENT

	Note	HK$M
Cost		
At 1st January 2023		45,844
Translation differences		(647)
Acquisition of subsidiary companies	31	3,368
Additions		1,691
Disposals		(501)
Transfer from investment properties		14
Transfer to assets classified as held for sale		(10,268)
Other net transfers		2
At 30th June 2023		**39,503**
Accumulated depreciation and impairment		
At 1st January 2023		23,648
Translation differences		(295)
Depreciation for the period	6	1,536
Reversal of impairment charges	5	(4)
Disposals		(398)
Transfer to assets classified as held for sale		(5,405)
Other net transfers		(1)
At 30th June 2023		**19,081**
Net book value		
At 30th June 2023		**20,422**
At 1st January 2023		22,196

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

13. INVESTMENT PROPERTIES

	Note	HK$M
At 1st January 2023		270,591
Translation differences		(2,291)
Acquisition of subsidiary companies	31	15,230
Additions		1,688
Net transfers to property, plant and equipment		(14)
Net transfers to right-of-use assets		(114)
Net fair value losses		(1,330)
At 30th June 2023		283,760
Add: initial leasing costs*		203
At 30th June 2023		**283,963**
At 1st January 2023 (including initial leasing costs)		270,768

* The amounts include initial leasing costs acquired at the acquisition of subsidiary companies during the six months ended 30th June 2023 of HK$61 million.

14. INTANGIBLE ASSETS

	Note	Goodwill HK$M	Computer software HK$M	Service, franchise and operating rights HK$M	Customer relationships HK$M	Others HK$M	Total HK$M
Cost							
At 1st January 2023		8,205	1,208	6,920	999	316	17,648
Translation differences		(41)	(10)	35	4	–	(12)
Acquisition of subsidiary companies	31	2,650	20	4,642	–	–	7,312
Additions		–	68	–	–	4	72
Disposals		–	(9)	–	–	–	(9)
Transfer to assets classified as held for sale		(235)	(138)	(2,605)	(198)	–	(3,176)
Other net transfers		377	–	(479)	–	–	(102)
At 30th June 2023		**10,956**	**1,139**	**8,513**	**805**	**320**	**21,733**
Accumulated amortisation and impairment							
At 1st January 2023		1,675	728	521	612	182	3,718
Translation differences		4	(8)	3	3	–	2
Amortisation for the period	6	–	63	55	27	12	157
Impairment charges	5	–	3	–	–	–	3
Disposals		–	(5)	–	–	–	(5)
Transfer to assets classified as held for sale		(1)	(127)	(219)	(92)	–	(439)
At 30th June 2023		**1,678**	**654**	**360**	**550**	**194**	**3,436**
Net book value							
At 30th June 2023		**9,278**	**485**	**8,153**	**255**	**126**	**18,297**
At 1st January 2023		6,530	480	6,399	387	134	13,930

15. RIGHT-OF-USE ASSETS

The Group (acting as lessee) leases land, offices, warehouses, retail stores and equipment. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The recognised right-of-use assets relate to the following types of assets:

	30th June 2023 HK$M	31st December 2022 HK$M
Leasehold land held for own use	**3,380**	2,951
Land use rights	**1,116**	1,033
Property	**4,109**	4,023
Plant and equipment	**53**	110
Total	**8,658**	8,117

15. RIGHT-OF-USE ASSETS (continued)

Additions to right-of-use assets during the six months ended 30th June 2023 were HK$696 million (30th June 2022: HK$266 million; year ended 31st December 2022: HK$629 million).

Right-of-use assets acquired at the acquisition of subsidiary companies during the six months ended 30th June 2023 were HK$627 million (30th June 2022: Nil; year ended 31st December 2022: HK$206 million).

During the six months ended 30th June 2023, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK$101 million (30th June 2022: HK$93 million; year ended 31st December 2022: HK$182 million) under "operating activities", (b) payment for short-term and low-value assets leases and variable lease payments of HK$132 million (30th June 2022: HK$72 million; year ended 31st December 2022: HK$178 million) recorded in cash generated from operations under "operating activities", and (c) principal elements of lease payments of HK$445 million (30th June 2022: HK$460 million; year ended 31st December 2022: HK$880 million) under "financing activities".

16. INTERESTS IN JOINT VENTURE COMPANIES

	30th June 2023 HK$M	31st December 2022 HK$M
Share of net assets, unlisted	**24,304**	29,279
Goodwill	**749**	1,067
	25,053	30,346
Loans due from joint venture companies less provisions		
Interest-free	**11,471**	13,432
Interest-bearing	**2,928**	2,028
	14,399	15,460

On 22nd February 2023, the Swire Properties group completed the second and third master agreements to acquire 35% equity interests in existing joint venture companies in Sino-Ocean Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries. The joint venture companies became wholly-owned subsidiaries of the Swire Properties group at the date of completion. Details of the purchase consideration, the net identifiable assets acquired and goodwill are disclosed in note 31.

17. INTERESTS IN ASSOCIATED COMPANIES

	30th June 2023 HK$M	31st December 2022 HK$M
Share of net assets		
Listed in Hong Kong	**19,592**	18,808
Listed in Oslo	**711**	662
Unlisted	**1,655**	2,856
	21,958	22,326
Goodwill	**1,360**	1,360
	23,318	23,686
Loans due from associated companies less provisions		
Interest-free	**6**	12
Interest-bearing	**137**	119
	143	131

The market value of the shares in the listed associated companies, Cathay Pacific and Cadeler, at 30th June 2023 was HK$23,203 million and HK$977 million respectively (31st December 2022: HK$24,680 million and HK$902 million respectively).

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Note	Level 1 HK$M	Level 2 HK$M	Level 3 HK$M	Total carrying amount HK$M
Assets as per consolidated statement of financial position					
At 30th June 2023					
Equity investments at fair value through other comprehensive income					
– Listed investments		**60**	**–**	**–**	**60**
– Unlisted investments		**–**	**–**	**214**	**214**
Equity investments at fair value through profit or loss					
– Unlisted investments		**–**	**–**	**617**	**617**
Debt investments at fair value through profit or loss					
– Convertible notes, unlisted		**–**	**–**	**138**	**138**
Derivative financial assets	19	**–**	**251**	**–**	**251**
Total		**60**	**251**	**969**	**1,280**
At 31st December 2022					
Equity investments at fair value through other comprehensive income					
– Listed investments		152	–	–	152
– Unlisted investments		–	–	213	213
Equity investments at fair value through profit or loss					
– Listed investments		6	–	–	6
– Unlisted investments		–	–	537	537
Debt investments at fair value through profit or loss					
– Convertible notes, unlisted		–	–	133	133
Derivative financial assets	19	–	154	–	154
Total		158	154	883	1,195
Liabilities as per consolidated statement of financial position					
At 30th June 2023					
Derivative financial liabilities	19	**–**	**404**	**–**	**404**
Put option over a non-controlling interest in the USA	22	**–**	**–**	**583**	**583**
Put option over a non-controlling interest in a subsidiary company	22	**–**	**–**	**69**	**69**
Total		**–**	**404**	**652**	**1,056**
At 31st December 2022					
Derivative financial liabilities	19	–	225	–	225
Put option over a non-controlling interest in the USA	22	–	–	590	590
Put option over a non-controlling interest in a subsidiary company	22	–	–	69	69
Contingent consideration	22	–	–	1,654	1,654
Total		–	225	2,313	2,538

Notes:

The levels in the hierarchy represent the following:

Level 1 – Financial instruments measured at fair value using quoted prices in active markets.

Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.

Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The change in level 3 financial instruments for the period ended 30th June 2023 is as follows:

	Unlisted investments HK$M	Put options over non-controlling interests HK$M	Contingent consideration HK$M
At 1st January 2023	883	659	1,654
Translation differences	(2)	3	8
Additions	181	–	–
Distribution	–	(15)	–
Change in fair value during the period recognised in			
– profit or loss*	4	5	–
– other comprehensive income*	(2)	–	136
Payment of consideration	–	–	(42)
Transfer to assets/liabilities classified as held for sale	(95)	–	(1,756)
At 30th June 2023	**969**	**652**	**–**
* Including unrealised gains/(losses) recognised on balances held at 30th June 2023	**2**	**(5)**	**(136)**

There has been no change in the valuation techniques for level 2 and level 3 fair value hierarchy classifications.

The fair value of derivatives used for hedging in level 2 has been based on quotes from market makers or discounted cash flow valuation techniques and is supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates, yields and commodity prices.

The fair value estimate of the put option over a non-controlling interest in the USA classified within level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2023 and the discount rate used is 6.3% (31st December 2022: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs, which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 30th June 2023. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

The fair value of unlisted investments, put option over non-controlling interests in subsidiary companies (except the subsidiary company holding a non-controlling interest in the USA) and contingent consideration classified within level 3 are determined using a discounted cash flow valuation technique. The significant unobservable inputs used are expected future growth rates and discount rates. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of unlisted investments, put option and contingent consideration.

The Group's finance departments perform the valuations of financial instruments required for reporting purposes, including level 3 fair values. The valuations are reviewed and approved by Divisional Finance Directors.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial assets and liabilities carried at other than fair value:

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 30th June 2023 and 31st December 2022 except for the following financial liabilities, for which their carrying amounts and fair value are disclosed below:

	At 30th June 2023		At 31st December 2022	
	Carrying amount HK$M	Fair value HK$M	Carrying amount HK$M	Fair value HK$M
Long-term loans and bonds	80,175	78,080	68,348	65,863

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments solely for management of an underlying risk. The Group minimises its exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

	30th June 2023		31st December 2022	
	Assets HK$M	Liabilities HK$M	Assets HK$M	Liabilities HK$M
Cross-currency swaps				
Cash flow hedges	130	236	142	124
Not qualifying as hedges	–	102	–	92
Interest rate swaps – cash flow hedges	113	–	–	–
Forward foreign exchange contracts				
Cash flow hedges	3	44	10	6
Not qualifying as hedges	5	3	1	1
Commodity swaps – not qualifying as hedges	–	19	1	2
Total	251	404	154	225
Analysed as:				
Current	49	224	35	124
Non-current	202	180	119	101
	251	404	154	225

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	30th June 2023 HK$M	31st December 2022 HK$M
Trade debtors	3,568	4,610
Amounts due from immediate holding company	–	7
Amounts due from joint venture companies	102	132
Amounts due from associated companies	333	349
Prepayments and accrued income	2,221	2,222
Other receivables	3,056	2,038
Deferred receivables	539	520
Prepayment – Non-current portion	23	6,430
	9,842	16,308
Amounts due after one year included under non-current assets	(33)	(6,474)
	9,809	9,834

The analysis of the age of trade debtors (based on the invoice date) is as follows:

	30th June 2023 HK$M	31st December 2022 HK$M
Up to three months	3,300	4,345
Between three and six months	221	231
Over six months	47	34
	3,568	4,610

Group companies have different credit policies, depending on the requirements of their markets and the businesses in which they operate. Analyses of the age of debtors are prepared and closely monitored with a view to minimising credit risk associated with receivables.

21. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

In June 2023, the Group entered into a share purchase agreement to dispose of its equity interest in Swire Pacific Holdings Inc. (doing business as Swire Coca-Cola, USA (SCCUSA disposal group)) at a consideration of approximately US$3.9 billion (equivalent to approximately HK$30.4 billion), subject to completion adjustments (the Transaction). Management believes the disposal is highly probable and the carrying value of the SCCUSA disposal group will be recovered principally through sale rather than through continuing use. Accordingly, the Group's interest in the SCCUSA disposal group was reclassified as assets held for sale as at 30th June 2023 and was measured at the lower of carrying amount and fair value less costs to sell. The Transaction is expected to be completed in the second half of 2023 and the Group is expected to record a gain of approximately HK$22.6 billion upon disposal (based on the carrying value as at 30th June 2023 and before purchase price adjustments and transaction costs). Upon completion of the Transaction, which is conditional upon the approval of the independent shareholders, the Company proposes to declare and pay a special dividend of approximately HK$11.7 billion (equivalent to HK$8.120 per 'A' share and HK$1.624 per 'B' share), representing approximately 50% of the expected gain on disposal.

21. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

As at 30th June 2023, assets classified as held for sale represents Swire Properties' 100% interest in investment properties and the assets associated with the SCCUSA disposal group. The liabilities associated with assets classified as held for sale represents liabilities associated with the SCCUSA disposal group.

Details of the assets classified as held for sale and liabilities associated with assets classified as held for sale for the SCCUSA disposal group are as follows:

	30th June 2023 HK$M
Property, plant and equipment	4,863
Intangible assets	2,737
Right-of-use assets	466
Other non-current assets	352
Stocks and work in progress	1,681
Trade and other receivables	2,908
Bank balances and short-term deposits	683
	13,690
Trade and other payables	3,294
Lease liabilities	494
Other non-current liabilities	2,097
	5,885

Swire Properties' 100% interest in investment properties comprised 1,070 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong.

22. TRADE AND OTHER PAYABLES

	30th June 2023 HK$M	31st December 2022 HK$M
Trade creditors	6,202	5,850
Amounts due to immediate holding company	158	114
Amounts due to joint venture companies	22	137
Amounts due to associated companies	11	590
Interest-bearing advances from joint venture companies	344	1,018
Interest-bearing advances from an associated company	35	34
Advances from non-controlling interests	1,190	1,173
Rental deposits from tenants	3,139	2,716
Deposits received on sale of investment properties	54	1
Put options over non-controlling interests	652	659
Contingent consideration	–	1,654
Accrued capital expenditure	1,701	1,366
Other accruals	7,143	8,968
Other payables	8,415	5,936
	29,066	30,216
Amounts due after one year included under non-current liabilities	(514)	(1,476)
	28,552	28,740

22. TRADE AND OTHER PAYABLES (continued)

The analysis of the age of trade creditors is as follows:

	30th June 2023 HK$M	31st December 2022 HK$M
Up to three months	**6,018**	5,610
Between three and six months	**153**	136
Over six months	**31**	104
	6,202	5,850

23. LEASE LIABILITIES

	30th June 2023 HK$M	31st December 2022 HK$M
Maturity profile		
Within one year	**750**	776
Between one and two years	**614**	615
Between two and five years	**1,200**	1,137
Over five years	**2,393**	2,388
	4,957	4,916
Amounts due within one year included under current liabilities	**(750)**	(776)
	4,207	4,140

24. DEFERRED TAXATION

The movement on the net deferred tax liabilities account is as follows:

	Note	HK$M
At 1st January 2023		12,812
Translation differences		(397)
Acquisition of subsidiary companies	31	3,356
Charged to profit or loss	8	276
Credited to other comprehensive income		(11)
Transfer to assets/liabilities classified as held for sale		(93)
Other transfers		(102)
At 30th June 2023		**15,841**
Represented by:		
Deferred tax assets		(444)
Deferred tax liabilities		16,285
		15,841

25. SHARE CAPITAL

	'A' shares	'B' shares	Total HK$M
Issued and fully paid with no par value			
At 1st January 2023	865,823,000	2,941,142,500	1,294
Repurchased in 2022 and cancelled during the period	–	(3,697,500)	–
Repurchased and cancelled during the period	(8,998,500)	(15,107,500)	–
At 30th June 2023	**856,824,500**	**2,922,337,500**	**1,294**

During the period, the Company repurchased 8,998,500 'A' shares and 15,107,500 'B' shares on The Stock Exchange of Hong Kong Limited for a total aggregate price of HK$678 million (excluding transaction fees). The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid for the repurchased 'A' shares and 'B' shares was paid wholly out of the distributable profits of the Company included in its revenue reserve.

Details of shares acquired by month are as follows:

'A' shares	Number purchased	Highest price paid HK$	Lowest price paid HK$	Total* HK$M
Month				
March	4,548,000	60.00	58.05	270
April	4,233,000	60.00	57.55	249
May	217,500	60.00	59.70	13
	8,998,500			532

'B' shares	Number purchased	Highest price paid HK$	Lowest price paid HK$	Total* HK$M
Month				
January	797,500	10.72	10.06	8
March	6,380,000	10.00	9.11	61
April	5,467,500	10.12	9.33	53
May	2,462,500	10.24	9.56	24
	15,107,500			146

* Excluding transaction fees of HK$2 million for 'A' shares and 'B' shares.

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in proportion five to one.

26. RESERVES

	Revenue reserve HK$M	Property revaluation reserve HK$M	Investment revaluation reserve HK$M	Cash flow hedge reserve HK$M	Translation reserve HK$M	Total HK$M
At 1st January 2023	255,167	2,437	(152)	738	(1,028)	257,162
Profit for the period	4,221	–	–	–	–	4,221
Other comprehensive income						
Revaluation of property previously occupied by the Group						
– losses recognised during the period	–	(4)	–	–	–	(4)
Defined benefit plans						
– remeasurement losses recognised during the period	(10)	–	–	–	–	(10)
– deferred tax	1	–	–	–	–	1
Changes in the fair value of equity investments at fair value through other comprehensive income						
– losses recognised during the period	–	–	(2)	–	–	(2)
– deferred tax	–	–	(3)	–	–	(3)
Cash flow hedges						
– losses recognised during the period	–	–	–	(163)	–	(163)
– transferred from net finance charges	–	–	–	(20)	–	(20)
– transferred to operating profit	–	–	–	99	–	99
– deferred tax	–	–	–	13	–	13
Share of other comprehensive income of joint venture and associated companies						
– recognised during the period	15	–	–	(452)	(983)	(1,420)
– reclassified to profit or loss on deemed disposal	–	–	–	–	228	228
Net translation differences on foreign operations	–	–	–	–	(1,655)	(1,655)
Total comprehensive income for the period	**4,227**	**(4)**	**(5)**	**(523)**	**(2,410)**	**1,285**
Repurchase of the Company's shares	(680)	–	–	–	–	(680)
2022 second interim dividend	(2,675)	–	–	–	–	(2,675)
At 30th June 2023	**256,039**	**2,433**	**(157)**	**215**	**(3,438)**	**255,092**

(a) The Group's revenue reserve at 30th June 2023 includes HK$1,730 million representing the declared first interim dividend for the year (31st December 2022: HK$2,675 million representing the second interim dividend for 2022).

(b) At 30th June 2023, the Group's cash flow hedge reserve includes a credit of HK$30 million (net of tax) (31st December 2022: HK$28 million) relating to the currency basis element of the Group's derivatives which is recognised separately as a cost of hedging.

27. NON-CONTROLLING INTERESTS

The movement of non-controlling interests during the period is as follows:

	HK$M
At 1st January 2023	**57,480**
Share of profits less losses for the period	646
Share of revaluation of property previously occupied by the Group	(1)
Share of cash flow hedges	
– losses recognised during the period	(12)
– transferred from net finance charges	(3)
Share of other comprehensive income of joint venture and associated companies	(46)
Share of net translation differences on foreign operations	(449)
Share of total comprehensive income for the period	**135**
Dividends declared and/or paid	(1,068)
At 30th June 2023	**56,547**

28. CAPITAL COMMITMENTS

	30th June 2023 HK$M	31st December 2022 HK$M
The Group's outstanding capital commitments at the end of the period in respect of:		
Property, plant and equipment*		
Contracted but not provided for	**3,205**	2,907
Authorised by Directors but not contracted for	**7,770**	7,370
Investment properties		
Contracted but not provided for	**1,464**	2,986
Authorised by Directors but not contracted for	**16,091**	17,028
	28,530	30,291
The Group's share of capital commitments of joint venture companies at the end of the period^		
Contracted but not provided for	**620**	434
Authorised by Directors but not contracted for	**6,931**	7,122
	7,551	7,556

* Included outstanding capital commitments from SCCUSA disposal group of HK$605 million (31st December 2022: HK$712 million).

^ Of which the Group is committed to funding HK$982 million (31st December 2022: HK$331 million).

At 30th June 2023, the Group was committed to inject capital of HK$405 million (31st December 2022: HK$421 million) into joint venture companies.

29. CONTINGENCIES

(a) Guarantees outstanding at the end of the period in respect of bank loans and other liabilities of joint venture companies totalled HK$3,848 million (31st December 2022: HK$4,249 million). Bank guarantees given in lieu of utility deposits and others totalled HK$135 million at the end of the period (31st December 2022: HK$135 million).

(b) Cathay Pacific

Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. Cathay Pacific is represented by legal counsel in connection with these matters.

The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. Cathay Pacific is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with the relevant accounting policy.

In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, Cathay Pacific and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on Cathay Pacific. However, the European Commission's finding against Cathay Pacific and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to Cathay Pacific in February 2016. The European Commission issued a new decision against Cathay Pacific and the other airlines involved in the case in March 2017. The same fine of Euros 57.12 million was imposed on Cathay Pacific, which was paid by Cathay Pacific in June 2017. Cathay Pacific filed an appeal to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to Cathay Pacific in June 2022. Cathay Pacific filed an appeal to the European Court of Justice (ECJ) in early June 2022 and a final ECJ judgement is expected by mid-2024.

Cathay Pacific is a defendant in a number of civil claims, including class litigation and third party contribution claims, in a number of countries including Germany, the Netherlands and Norway alleging violations of applicable competition laws arising from Cathay Pacific's alleged conduct relating to its air cargo operations. Cathay Pacific is represented by legal counsel and is defending these actions.

30. RELATED PARTY TRANSACTIONS

There are agreements for services (Services Agreements), in respect of which John Swire & Sons (H.K.) Limited (JS&SHK) provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JS&SHK receives annual fees calculated (A) in the case of the Company, as 2.5% of the dividends receivable from joint venture and associated companies of the Company, where there are no agreements for services with such companies, and (B) in the case of its subsidiaries and associated companies with such agreements, as 2.5% of their relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The Services Agreements were renewed on 1st October 2022 for three years expiring on 31st December 2025. For the six months ended 30th June 2023, service fees payable amounted to HK$178 million (2022: HK$162 million). Expenses of HK$214 million (2022: HK$172 million) were reimbursed at cost; in addition, HK$240 million (2022: HK$221 million) in respect of shared administrative services was reimbursed.

30. RELATED PARTY TRANSACTIONS (continued)

Under a tenancy framework agreement (Tenancy Framework Agreement) between JS&SHK, the Company and Swire Properties Limited dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a further term of three years expiring on 31st December 2024. For the six months ended 30th June 2023, the aggregate rentals payable to the Group by the JS&SHK group under tenancies to which the Tenancy Framework Agreement applies amounted to HK$53 million (2022: HK$57 million).

The above transactions under the Services Agreements and the Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

The following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement), which were carried out in the normal course of the Group's business, in addition to those transactions disclosed elsewhere in the financial statements.

		For the six months ended 30th June							
		Joint venture companies		Associated companies		Fellow subsidiary companies		Immediate holding company	
	Note	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022 HK$M	**2023 HK$M**	2022^ HK$M	**2023 HK$M**	2022 HK$M
Revenue from	(a)								
Sales of beverage drinks		**208**	25	**8**	3	**–**	–	**–**	–
Sales of goods		**584**	534	**–**	–	**–**	–	**–**	–
Rendering of services		**40**	34	**6**	48	**–**	–	**1**	1
Aircraft and engine maintenance		**19**	16	**1,126**	879	**–**	–	**–**	–
Rental of properties	(b)	**–**	–	**1**	–	**–**	–	**53**	57
Purchases of beverage drinks	(a)	**79**	87	**–**	1,860	**–**	–	**–**	–
Purchases of other goods	(a)	**6**	5	**5**	12	**–**	–	**–**	–
Purchases of services	(a)	**8**	6	**1**	–	**5**	11	**–**	–
Interest income	(c)	**56**	19	**1**	–	**–**	–	**–**	–
Interest charges	(c)	**8**	13	**1**	1	**–**	–	**–**	–

^ Included discontinued operations

Notes:

(a) Sales and purchases of goods and rendering of services to and from related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged to/by and contracted with other customers/suppliers of the Group.

(b) The Swire Properties group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.

(c) Loans advanced to joint venture and associated companies are disclosed in notes 16 and 17. Amounts due from and to joint venture and associated companies and advances from these companies are disclosed in notes 20 and 22.

31. BUSINESS COMBINATIONS

(a) Acquisition of equity interests in Sino-Ocean Taikoo Li Chengdu

As mentioned in note 16, the Swire Properties group further acquired 35% equity interests in existing joint venture companies in Sino-Ocean Taikoo Li Chengdu in the Chinese Mainland from Sino-Ocean Group Holding Limited and its subsidiaries and these joint venture companies became wholly-owned subsidiaries of the Swire Properties group during the period after completion. The acquisition is expected to make immediate income contribution to the Swire Properties group and create long-term value for the Swire Properties group and its shareholders.

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Fair value HK$M
Purchase consideration	**12,088**
Property, plant and equipment	632
Investment properties*	15,291
Intangible assets	8
Right-of-use assets	105
Stocks and work in progress	6
Trade and other receivables	536
Bank balances and short-term deposits	684
Trade and other payables	(837)
Taxation payable	(27)
Long-term loans and bonds	(3,151)
Lease liabilities	(42)
Deferred tax liabilities	(2,536)
Net identifiable assets acquired	10,669
Goodwill	1,419
	12,088
Satisfied by:	
Purchase consideration settled in cash	4,072
Deferred consideration	311
Fair value of the equity interests previously held by the Swire Properties group	7,705
	12,088
Analysis of the net outflow of cash and cash equivalents for acquisition:	
Purchase consideration settled in cash	4,072
Less: Cash and cash equivalents acquired	(684)
Net cash outflow on acquisition	**3,388**

* The amounts include investment properties acquired to HK$15,230 million and initial leasing costs acquired of HK$61 million.

The fair value of the acquired receivables was HK$536 million and included trade receivables with a fair value of HK$65 million. None of these are expected to be uncollectible.

31. BUSINESS COMBINATIONS (continued)

(a) Acquisition of equity interests in Sino-Ocean Taikoo Li Chengdu (continued)

The goodwill is mainly attributed to the growth opportunity. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

Gain arising from remeasuring the fair value of the equity interests in Sino-Ocean Taikoo Li Chengdu held by the Swire Properties group before the acquisition amounted to HK$551 million. It is recognised in the consolidated statement of profit or loss within other net (losses)/gains.

Acquisition-related costs of HK$11 million have been recognised in the consolidated statement of profit or loss.

The acquired business contributed revenue of HK$534 million and a profit of HK$674 million to the Swire Properties group for the period from the date of completion of its acquisition (22nd February 2023) to 30th June 2023.

If the acquisition had occurred on 1st January 2023, the acquired business would have contributed pro-forma revenue of HK$772 million and a profit of HK$787 million for the period ended 30th June 2023. These amounts have been calculated using the results of the acquired business and adjusting them for the additional depreciation and amortisation that would have been charged assuming fair value adjustments to property, plant and equipment and intangible assets had applied from 1st January 2023, together with the consequential tax effects.

(b) Acquisition of equity interests from TCCC in South East Asia

On 18th July 2022, the Group entered into agreements to acquire from TCCC 100% of the equity interests in certain of its subsidiaries engaged in the business of preparation, packaging, distribution and sale of ready-to-drink beverages bearing trademarks owned by TCCC in Vietnam and Cambodia, for an aggregate consideration of US$1,015 million, subject to completion adjustments. The acquisition expanded the Group's beverages business in South East Asia.

On 25th November 2022, Swire Coca-Cola acquired 100% equity interests in Coca-Cola bottling companies in Cambodia from subsidiaries of TCCC.

On 1st January 2023, Swire Coca-Cola acquired 100% equity interests in Coca-Cola bottling companies in Vietnam from subsidiaries of TCCC.

31. BUSINESS COMBINATIONS (continued)

(b) Acquisition of equity interests from TCCC in South East Asia (continued)

Details of the purchase consideration, the net identifiable assets acquired and goodwill are as follows:

	Vietnam	Cambodia	South East Asia
	Provisional fair value		Total
	HK$M	HK$M	HK$M
Purchase consideration			**9,824**
Property, plant and equipment	1,237	546	1,783
Intangible assets	4,627	597	5,224
Right-of-use assets	329	206	535
Stocks and work in progress	386	151	537
Trade and other receivables	582	61	643
Bank balances and short-term deposits maturing within three months	155	78	233
Short-term deposits maturing after more than three months	1,593	–	1,593
Trade and other payables	(1,275)	(226)	(1,501)
Taxation payable	(25)	(3)	(28)
Lease liabilities	(31)	(30)	(61)
Deferred tax liabilities			
– Fair value adjustments on acquisition	(925)	(120)	(1,045)
– Others	65	(35)	30
Retirement benefit liabilities	–	(13)	(13)
Net identifiable assets acquired	6,718	1,212	7,930
Goodwill			1,894
			9,824
Satisfied by:			
Purchase consideration settled in cash			8,426
Other payable			1,398
			9,824
Analysis of the net outflow of cash and cash equivalents for acquisition:			
Purchase consideration settled in cash			8,426
Less: Cash and cash equivalents acquired			(233)
Less: Short-term deposits maturing after more than three months acquired			(1,593)
Net cash outflow on acquisition			**6,600**

The provisional amounts of the purchase consideration, net identifiable assets acquired and goodwill were subject to final valuation and measurement period adjustments made by reference to completion accounts.

31. BUSINESS COMBINATIONS (continued)

(b) Acquisition of equity interests from TCCC in South East Asia (continued)

The fair value of the acquired assets (including identifiable intangible assets) is provisional pending final valuations and measurement period adjustments made by reference to completion accounts. The fair value of the franchise rights acquired was determined using discounted cash flow valuation techniques. The key assumptions included the discount rate and future revenues and margins.

The fair value of the acquired receivables from the companies in Vietnam was HK$582 million and included trade receivables with a fair value of HK$96 million of which HK$1 million is expected to be uncollectible.

Acquisition-related costs for Vietnam of HK$70 million have been recognised in the consolidated statement of profit or loss.

The goodwill relating to South East Asia business is mainly attributable to the new growth opportunity in the region. These benefits do not qualify for separate recognition of intangible assets and are not expected to be deductible for tax purposes.

31. BUSINESS COMBINATIONS (continued)

(c) Acquisition of equity interests from CCBMH in the Chinese Mainland

On 1st January 2023, Swire Coca-Cola acquired 100% equity interests in six of the beverages preparation and packaging subsidiaries of CCBMH in the Chinese Mainland.

Details of the purchase consideration and the net identifiable assets acquired are as follows:

	Provisional fair value HK$M
Purchase consideration	**1,816**
Property, plant and equipment	1,526
Intangible assets	7
Right-of-use assets	195
Stocks and work in progress	37
Deferred tax assets	70
Trade and other receivables	147
Bank balances and short-term deposits maturing within three months	876
Trade and other payables	(895)
Lease liabilities	(117)
Deferred tax liabilities	
– Fair value adjustments on acquisition	(12)
– Others	(14)
Net identifiable assets acquired	1,820
Gain arising from acquisition	(4)
	1,816
Satisfied by:	
Other payable	592
Fair value of the equity interests previously held by Swire Coca-Cola	1,224
	1,816
Analysis of the net inflow of cash and cash equivalents for acquisition:	
Cash and cash equivalents acquired	**876**

The fair value of the acquired assets (including identifiable intangible assets) is provisional pending final valuations and measurement period adjustments made by reference to completion accounts.

The fair value of the acquired receivables was HK$147 million and included trade receivables with a fair value of HK$137 million. None of these are expected to be uncollectible.

Acquisition-related costs of HK$30 million have been recognised in the consolidated statement of profit or loss.

32. DISCONTINUED OPERATIONS

(a) Results from discontinued operations

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Revenue	–	524	524
Cost of sales	–	(375)	(375)
Gross profit	–	149	149
Administrative expenses	–	(83)	(83)
Other net losses	–	(125)	(208)
Operating loss	–	(59)	(142)
Net finance charges	–	(3)	(3)
Loss before taxation	–	(62)	(145)
Taxation	–	(47)	(47)
Loss after taxation	–	(109)	(192)
Remeasurement gain on the disposal group	–	556	556
Profit from discontinued operations	–	447	364

During the period ended 30th June 2022, the remeasurement gain recognised in respect of the SPO disposal group represents the change in fair value of share warrants issued by Tidewater Inc. as part of the disposal consideration from 1st January 2022 to the date of completion of the disposal on 22nd April 2022. This remeasurement results in a reversal of the impairment loss previously recognised against property, plant and equipment of the SPO disposal group.

Other net losses for the six months ended 30th June 2022 included the loss on disposal of subsidiary companies of HK$138 million, which was previously presented within other net (losses)/gains under continuing operations.

32. DISCONTINUED OPERATIONS (continued)

(b) Total comprehensive income from discontinued operations

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Profit for the period	–	447	364
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plans			
– remeasurement gains recognised during the period	–	12	12
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
– transferred from operating profit	–	1	1
Net translation differences on foreign operations			
– recognised during the period	–	25	25
Other comprehensive income for the period, net of tax	–	38	38
Total comprehensive income for the period	–	485	402

(c) Cash flows from discontinued operations

	Six months ended 30th June		Year ended 31st December
	2023 HK$M	2022 HK$M	2022 HK$M
Net cash generated from operating activities	–	16	16
Net cash used in investing activities	–	(6)	(6)
Net cash generated from financing activities	–	6	6
Net cash generated from discontinued operations	–	16	16

CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Corporate Governance Code (the CG Code) contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) throughout the accounting period covered by the interim report.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) set out in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

The interim results have been reviewed by the Audit Committee of the Company and by the external auditors.

SHARE CAPITAL

During the period, pursuant to the share buy-back programme announced by the Company on 11th August 2022 (Share Buy-back Programme), the Company bought back an aggregate of 8,998,500 'A' shares and 15,107,500 'B' shares on The Stock Exchange of Hong Kong Limited (the Stock Exchange) at an aggregate cost (excluding transaction fees) of HK$678 million. All the shares bought back were subsequently cancelled.

Particulars of the Share Buy-back and details of the Company's share capital are set out in note 25 to the financial statements.

DIRECTORS' PARTICULARS

Change in the particulars of the Directors is set out as follows:

1. C Lee retired as an Independent Non-Executive Director of the Company with effect from the conclusion of the Company's 2023 annual general meeting held on 11th May 2023.

DIRECTORS' INTERESTS

At 30th June 2023, the register maintained under Section 352 of the Securities and Futures Ordinance (SFO) showed that Directors held the following interests in the shares of Swire Pacific Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited, Swire Properties Limited and Cathay Pacific Airways Limited:

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (comprised in the class) (%)	Note
Swire Pacific Limited						
'A' shares						
P K Etchells	–	12,000	–	12,000	0.0014	
G R H Orr	9,000	–	–	9,000	0.0011	
M B Swire	180,000	–	301,000	481,000	0.0561	2
'B' shares						
G D McCallum	77,500	–	–	77,500	0.0027	
M B Swire	390,000	–	3,024,617	3,414,617	0.1168	3

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of issued share capital (comprised in the class) (%)	Note
John Swire & Sons Limited						
Ordinary Shares of £1						
G D McCallum	46,177	–	–	46,177	0.05	
M B Swire	2,193,550	630,000	14,569,960	17,393,510	17.39	1
8% Cum. Preference Shares of £1						
G D McCallum	64,247	–	–	64,247	0.07	
M B Swire	3,966,125	–	11,904,363	15,870,488	17.63	1

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (%)	Note
Swire Properties Limited						
Ordinary Shares						
P K Etchells	–	8,400	–	8,400	0.00014	
M B Swire	–	–	1,148,812	1,148,812	0.01964	2

	Capacity					
	Beneficial interest					
	Personal	Family	Trust interest	Total no. of shares	Percentage of voting shares (%)	Note
Cathay Pacific Airways Limited						
Ordinary Shares						
E M Ngan	2,000	–	–	2,000	0.00003	

Notes:

1. M B Swire was a trustee and/or potential beneficiary of trusts which held 3,246,624 ordinary shares and 1,691,961 preference shares in John Swire & Sons Limited included under Trust interest and did not have any beneficial interest in those shares.
2. All 'A' shares of Swire Pacific Limited and ordinary shares of Swire Properties Limited held by M B Swire under Trust interest were held by him as one of the executors of a will and he did not have any beneficial interest in those shares.
3. Of 3,024,617 'B' shares of Swire Pacific Limited held by M B Swire under Trust interest, 1,225,395 shares were held by him as a trustee and/or potential beneficiary of a trust and 1,799,222 shares were held by him as one of the executors of a will. He did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' AND OTHER INTERESTS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30th June 2023 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	'A' shares	Percentage of voting shares (comprised in the class) (%)	'B' shares	Percentage of voting shares (comprised in the class) (%)	Note
Substantial Shareholder					
John Swire & Sons Limited	442,879,720	51.69	2,131,969,282	72.95	1

Note:

1. John Swire & Sons Limited (Swire) was deemed to be interested in a total of 442,879,720 'A' shares and 2,131,969,282 'B' shares of the Company at 30th June 2023, comprising:
   (a) 885,861 'A' shares and 13,367,962 'B' shares held directly;
   (b) 12,632,302 'A' shares and 37,597,019 'B' shares held directly by its wholly-owned subsidiary Taikoo Limited;
   (c) 39,580,357 'A' shares and 1,482,779,222 'B' shares held directly by its wholly-owned subsidiary John Swire & Sons (H.K.) Limited; and
   (d) the following shares held directly by wholly-owned subsidiaries of John Swire & Sons (H.K.) Limited: 2,055,000 'B' shares held by Canterbury Holdings Limited, 322,603,700 'A' shares and 123,945,000 'B' shares held by Elham Limited, 39,461,000 'A' shares and 373,003,444 'B' shares held by Shrewsbury Holdings Limited, 99,221,635 'B' shares held by Tai-Koo Limited and 27,716,500 'A' shares held by Waltham Limited.

At 30th June 2023, the Swire group was interested in 60.31% of the equity of the Company and controlled 68.13% of the voting rights attached to shares in the Company.

GLOSSARY

References in this document to Hong Kong are to Hong Kong SAR, to Macau are to Macao SAR and to Taiwan are to the Taiwan region.

FINANCIAL

Underlying profit or loss
Reported profit or loss adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

Recurring underlying profit or loss
Underlying profit or loss adjusted for significant credits and charges of non-recurring nature, including gains and losses on the sale of businesses and investment properties and non-cash impairments.

EBIT
Earnings before interest and tax.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Equity attributable to the Company's shareholders
Equity excluding non-controlling interests.

Gross borrowings
Total of loans, bonds and overdrafts.

Net debt
Total of loans, bonds and overdrafts net of cash, bank deposits and bank balances.

AVIATION

Available tonne kilometres (ATK)
Overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

Available seat kilometres (ASK)
Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Available cargo tonne kilometres (AFTK)
Cargo capacity, measured in tonnes available for the carriage of freight on each sector multiplied by the sector distance.

Revenue tonne kilometres (RTK)
Traffic volume, measured in tonnes from the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

Revenue passenger kilometres (RPK)
Number of passengers carried on each sector multiplied by the sector distance.

Cargo revenue tonne kilometres (RFTK)
Amount of cargo, measured in tonnes, carried on each sector multiplied by the sector distance.

On-time performance
Departure within 15 minutes of scheduled departure time.

RATIOS

FINANCIAL

$$\text{Earnings/(loss) per share} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the period/year}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity excluding non-controlling interests}}{\text{Number of shares in issue at the end of the period/year}}$$

$$\text{Return on equity} = \frac{\text{Profit/(loss) attributable to the Company's shareholders}}{\text{Average equity during the period/year attributable to the Company's shareholders}}$$

$$\text{Interest cover} = \frac{\text{Operating profit/(loss)}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit/(loss)}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

AVIATION

$$\text{Passenger/Cargo load factor} = \frac{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}{\text{Available seat kilometres/Available cargo tonne kilometres}}$$

$$\text{Passenger/Cargo yield} = \frac{\text{Passenger revenue/Cargo revenue}}{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}$$

$$\text{Cost per ATK} = \frac{\text{Total operating expenses at Cathay Pacific}}{\text{ATK of Cathay Pacific}}$$

FINANCIAL CALENDAR AND INFORMATION FOR INVESTORS

FINANCIAL CALENDAR 2023

Interim Report available to shareholders	6th September
'A' and 'B' shares trade ex-dividend	13th September
Share registers closed for 2023 first interim dividends entitlement	15th September
Payment of 2023 first interim dividends	13th October
Annual results announcement	March 2024
2023 second interim dividends payable	May 2024
Annual General Meeting	May 2024

REGISTERED OFFICE

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E-mail: shrrelations@cpushareownerservices.com
Tel: Calls within USA – toll free: 1-888-269-2377
International callers: 1-201-680-6825

STOCK CODES

STOCK CODES	'A'	'B'
Hong Kong Stock Exchange	19	87
ADR	SWRAY	SWRBY

Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders are in the proportion 5 to 1.

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

INVESTOR RELATIONS

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REQUEST FOR FEEDBACK

In order that we may improve our reporting, we would be grateful to receive your comments on our public announcements and disclosures via e-mail to ir@swirepacific.com

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Printed in Hong Kong

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FSC™ C023053

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